

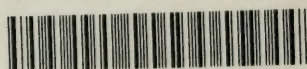


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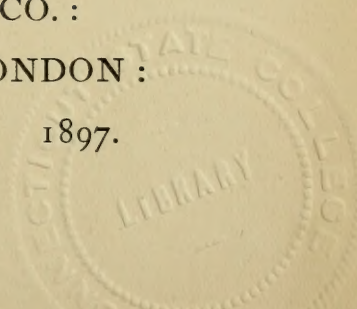




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## CHAPTER X

### THE ENTRANCE TO A TRADE

THE trade clubs of eighteenth-century handicraftsmen regarded the limitation of apprentices and the exclusion of illegal men as the pivot of their Trade Unionism. Down to 1814 the policy of regulating the entrance into a trade could claim the sanction of law, and the workmen's organisations did their utmost to prevent the repeal of the Statute of Apprentices.<sup>1</sup> Notwithstanding the legal opening of every occupation, the Parliamentary committees of 1824-25 and 1838, and the Royal Commission of 1867 revealed numerous cases in which Trade Unions sought to regulate the entrance into their respective trades. It has accordingly been assumed by many writers that the policy of restricting numbers forms an integral part of Trade Unionism. In the following pages we shall examine how far this assumption holds true of the Trade Unionism of the present day; we shall estimate the number of Trade Unions that aim at restricting the entrance into their trades; and we shall analyse the actual working of such regulations in order to discover how far they succeed in effecting their object. For the purpose of this analysis it will be convenient to classify all rules dealing with admission to a trade under the four heads of Apprenticeship, Limitation of Boy-Labor, Progression within the Trade, and the Exclusion of Women.

<sup>1</sup> *History of Trade Unionism*, pp. 54-56.



## (a) Apprenticeship

The Trade Union Regulations as to Apprenticeship, unlike those for maintaining the Standard Rate, were not invented by the Trade Unions themselves. They can scarcely be said even to have been modified or developed, like the workmen's policy with regard to new processes and machinery, by Trade Union experience. So far as any system of apprenticeship still lingers in the Trade Union world, this is, in form and in purpose, practically identical with that which prevailed long before Trade Unionism was heard of.<sup>1</sup>

The modern Trade Unionist has, in this matter of apprenticeship, inherited two distinct and contradictory traditions. We have, on the one hand, the remnants of the formal, legal, indentured apprenticeship to the master-craftsman, with its reciprocal obligations between the employer and his apprentices. The master undertook to teach the boys all the mysteries of his craft. The apprentices undertook to serve for a long term for wages below the market rate. As Paley tersely puts it, "instruction is their hire."<sup>2</sup> Round this "apprenticeship to the employer," descended to us from the ordinances made by the master-craftsmen's guilds, there had grown up already in mediæval times a whole series of restrictive conditions, the exaction of fees or premiums,

<sup>1</sup> With the system of apprenticeship considered as part of the organisation of mediæval industry, we make no attempt to deal. There has been little detailed study either of the facts or of the economic results of this system in the United Kingdom. Adam Smith's celebrated denunciation (*Wealth of Nations*, Book I. chap. x. part 2) has been criticised by several of his commentators, notably by Dr. William Playfair in the edition of 1805; see also the latter's pamphlet, *A Letter to the . . . Lords and Commons . . . on the Advantages of Apprenticeships* (London, 1814). The subject has also been dealt with by Dr. L. Brentano in his *Arbeitergilden der Gegenwart* (Leipzig, 1871), vol. ii. pp. 143-155. A pamphlet, *The Origin, Objects, and Operation of the Apprentices Laws* (London, 1814), preserved in the *Pamphleteer*, vol. iii., gives the masters' case for freedom. See Dr. Cunningham's *Growth of English Industry and Commerce*, vol. ii. p. 578, etc.; and *History of Trade Unionism*, pp. 54-56, etc. A recent article, "The Fair Number of Apprentices in a Trade," by C. P. Sanger, *Economic Journal*, December 1895, gives useful mathematical formulæ.

<sup>2</sup> *Moral and Political Philosophy*, Book III. part i. chap. xi. ("Apprenticeship").

rigid limits of age, a definite long term of servitude, and a limitation of the number of apprentices permitted to each employer.<sup>1</sup> These regulations, designed for the double purpose of securing technical training and protecting the craftsmen in their economic monopoly, have their representatives in modern Trade Unionism. On the other hand, we find, alongside this formal apprenticeship, the custom of "patrimony," that is to say, a privilege enjoyed from time immemorial, by the journeymen in certain occupations, of bringing their own sons into the trade, and themselves informally instructing them in the processes of the craft. This "apprenticeship to the journeyman," hitherto undescribed by historian or economist, stands in sharp contrast to the other system. It seems never to have been regulated by law or gild ordinance, and to have rested only on the customs of the workshop. It was, in fact, not a rival system, but a privileged exemption from the operation of the law. The craftsman father could bring his son into the workshop at what age he chose, and for what period he deemed fit. He needed no legal indentures or formal contract. He paid no fee or tax, and was usually subject to no supervision from the authorities of the trade. He could sometimes introduce all his sons in succession, or even simultaneously, without restriction of numbers. Thus, the characteristic idea of apprenticeship to the journeyman has little reference to the well-being of the trade as a whole, but is essentially that of personal privilege, based upon an hereditary vested interest. This tradition of "patrimony," which is still

<sup>1</sup> The "masterpiece," the production of which was a condition of admission to journeymanship, does not seem to have been a feature of English apprenticeship. The "wanderjahre," or customary years of travel from town to town at its close, were likewise unknown, as a regular custom, in this country. These and other differences warn us, in the absence of English evidence, against assuming that apprenticeship in England ran the same course, or led to the same consequences as the system in France, Germany, and the Rhine Valley, as described, for instance, in Levasseur, *Histoire des Classes Ouvrières en France*; Fagniez, *Études sur l'Industrie et la classe industrielle à Paris*; Martin-Saint-Léon, *Histoire des Corporations de Métiers*; Schanz, *Zur Geschichte der Deutschen Gesellenverbände im Mittelalter*; or Schmoller, *Die Strassburger Tucher und Weberzünfte*.

strong in many trades, constantly affects or nullifies, by its laxity, irregularity, and inequality, the deliberate regulation and systematic uniformity aimed at by the system of apprenticeship by legal indentures and its modern derivatives.

We shall best understand the character of these two streams of tradition by examining typical instances of existing Trade Union Regulations in particular industries. By far the best modern example of an effective system of apprenticeship to the employer is that now embodied in the elaborate treaty concluded between the United Society of Boilermakers and Iron-shipbuilders and nearly all the master shipbuilders of the United Kingdom. Here we have a formal code of rules precisely regulating the admission of apprentices in all the ports of the kingdom. There is, to begin with, a clear distinction between the lad engaged as a "plater's marker" or "rivet boy," who is taught nothing, but is paid full wages, and the apprentice who is taught the trade. When a boy is taken as an apprentice, which must in any case be before he is eighteen years of age, he enters into formal indentures or written agreement, by which he is bound to serve for five years, at specified low rates of wages, which are, from first to last, far less than he could earn as a rivet boy. In return, the employer formally contracts to give him adequate instruction as a plater and rivetter. No apprentice may leave his employer before the expiration of the five years' term of servitude, unless with express permission in writing, and the Trade Union is able to enforce the most rigid boycott of any lad who runs away from his indentures. The number of apprentices taken by any firm is not to exceed two to every seven journeymen, the ratio being computed on the average number employed during the past five years, with special consideration for rapidly growing establishments and other exceptional cases. Finally, the engagement of apprentices is left absolutely and exclusively to the employers, no journeyman having any right to bring his



own son into the trade otherwise than as an employer's apprentice.<sup>1</sup>

Here, it will be seen, we have a system of apprenticeship to the employers reproducing, in all essential features, the typical educational servitude of the Middle Ages. To become a boilermaker-apprentice the modern rivet-boy foregoes often half his actual earnings, and finds himself at the age of twenty-one or twenty-two getting only ten shillings a week. On the other hand, the employer encumbers his yard with a raw lad, who instead of being kept to mere mechanical routine, has to be always trying his hand at work for which he is not yet competent. And once entered on, these reciprocal obligations are practically binding on both parties. The apprentice, it is true, no longer becomes a member of the employer's family, and neither party looks to the law, or to any public authority, to enforce the contract. But these elaborate regulations are much more than mere Trade Union by-laws. A formal treaty signed, not only by a Trade Union practically co-extensive with the industry, but also by nine-tenths of the employers is, to all intents and purposes, a coercive law. It is, in fact, practically impossible for any youth to enter the iron-shipbuilding trade in Great Britain except in the way prescribed by the united masters and men.

To see in full force the other stream of tradition—apprenticeship to the journeyman—we must turn from the great modern industry of iron-shipbuilding to the forty or

<sup>1</sup> *Memorandum of Arrangement re the Apprentice Question between the Employers and the Committee of the Boilermakers' and Iron-shipbuilders' Society*, 11th October 1893, signed by Col. H. Dyer (of Armstrong's Works, Elswick) as Chairman of the Employers' Committee, and Mr. R. Knight as General Secretary, on behalf of the Trade Union. The United Society of Boilermakers strove, at first, for a ratio of one apprentice to five journeymen, which some employers thought insufficient to keep up the trade (see *Memorandum*, by Mr. J. Inglis, of the firm of A. and J. Inglis, Glasgow; and his Evidence before the Royal Commission on Labor, C. 6194, iii. Group A; more fully explained by him in *The Apprentice Question*, a paper printed in the *Proceedings of the Philosophical Society of Glasgow*, 1894). From Mr. Inglis's latest paper and from Mr. Sanger's article already cited, we gather that the present ratio of two to seven is, according to the best available data, a "fair" one, providing, not only for the maintenance, but also for a normal increase of the trade.

fifty ancient handicrafts composing the Sheffield cutlery trade. Three hundred years ago apprentices in Sheffield were formally indentured to the master craftsman, enrolled at the Court Leet, and at the end of their prescribed term of servitude publicly admitted to the trade. But as far back as 1565 we find existing an exemption of craftsmen's sons from all fees, formalities, and indentures.<sup>1</sup> What was then apparently an exception has to-day become practically the only avenue to employment. Apprenticeship to the employer, now become a capitalist giver-out of work, has almost entirely disappeared. The journeyman, who seldom works on his employer's premises, engages his own boy assistant, who is nowadays never formally indentured or bound for any specified period. Hereditary succession has become the dominant idea. "No journeyman," say the Britannia Metal Smiths, "shall take an apprentice except such be his own or a journeyman's son, who must be under seventeen years of age, but he cannot have an apprentice in addition to his own son or sons."<sup>2</sup> This is put more curtly by the Razor Hafters. "That no boys be admitted to the trade except members' sons."<sup>3</sup>

When the ordinary method of recruiting a trade is for fathers to instruct their own sons, any collective regulation of apprenticeship becomes practically impossible. The father brings in his boy when he finds it convenient, teaches him what he chooses, and pays him anything or nothing as may be arranged between them. The enforcement of a definite period of educational servitude becomes impracticable. Moreover, any effective limitation of the number has to be given up. The commonly accepted ratio of apprentices to adult workmen in modern industry is one boy to every four or five men. But every Sheffield craftsman would feel it an intolerable grievance not to be able to bring his own son

<sup>1</sup> *The History of Hallamshire*, by Joseph Hunter (London, 1869), p. 150; see the excellent account of the trade up to 1860 by Frank Hill, in the *Social Science Report on Trade Societies and Strikes* (London, 1860), pp. 521-586.

<sup>2</sup> *Rules of the Britannia Metal Smiths' Provident Society* (Sheffield, 1888).

<sup>3</sup> *Rules of the Razor Hafters' Trade Protection Society* (Sheffield, 1892), p. 6.

into his trade. Hence the most restrictive of the Sheffield rules allows each workman of a certain age to have at all times one apprentice of his own. Usually, as with the Scythe Grinders, though the childless journeyman may teach only one son of another member, the happy father has the privilege of bringing all his boys up to his own craft. In some of the Sheffield trades we find the workmen endeavoring to restrict the numbers entering the craft, but the idea of hereditary right to the trade makes these attempts take a peculiar and futile form. The Wool Shear Grinders, the Razor Hafters, and the Edge Tool Forgers<sup>1</sup> among others compel the adult craftsman to wait seven years before he brings in a boy; the Razor Grinders add two years more, making the minimum age thirty; whilst other clubs fix twenty-five or twenty-seven as the age before which "no member shall take an apprentice."<sup>2</sup> In exceptional cases some attempt is also made to get back the old idea of a genuine period of educational servitude, and formal testing of competency. The Britannia Metal Smiths have a rule that "any journeyman having a son or an apprentice shall not leave him to work to himself. If he leave him, he must put him to some other journeyman, to complete his time, unless he first obtain the sanction of a general meeting," and "every boy on completing his apprenticeship shall be reported upon by the men working at the firm as to his abilities, before he is accepted by the Trade. If it be found that the said boy is incompetent as a workman, the Committee shall institute an inquiry, and, if possible, to ascertain the cause, and take the necessary steps to prevent a similar misfortune."<sup>3</sup>

<sup>1</sup> *Rules of the Edge Tool Forgers' Union* (Sheffield, 1873), p. 6.

<sup>2</sup> Similar limitations are to be found in gild ordinances. Thus the ordinances of the Guild of the Tailors of Exeter declare that a newly-made freeman shall be allowed to have "the first yeere butt oon seruauant; the second yeere II; the IIIrd III; and a prentise if he be able" (*English Gilds*, by Toulmin Smith, p. 316). And the Ordinances of the Shearmen of London, made in 1350, declare "that no one of this trade shall receive any apprentice if he be not a freeman of the City himself, and have been so for a term of seven years at least." —Riley's *Memorials of London and London Life* (London, 1868), p. 247.

<sup>3</sup> *Rules of the Britannia Metal Smiths' Provident Society* (Sheffield, 1888).



Among the Stonemasons we find a formal apprenticeship to the employer coexisting with the custom of Patrimony.<sup>1</sup> The following detailed description of the way in which the trade is actually recruited at the present day, given to us by a trustworthy and intelligent member of the union, has been confirmed by our own investigations. "The printed Rules of the Stonemasons as to apprentices vary from town to town. Usually they include a limit of one boy to five or six men, and require that, after working three months at the trade, the lad must be actually bound apprentice for a period of five or seven years. Indentures are not insisted on, but some sort of agreement is usual, and these boys are, of course, always 'to the employer.' These rules, which are generally very strictly enforced, apply, however, only to outside ordinary boys who are brought into the trade. In addition to these, every mason is permitted to bring as many of his sons as he likes into the trade, and teach them without any regulations or apprenticeship. Usually the man keeps his son at work as a telegraph boy, or otherwise, until he is sixteen or seventeen years of age, and strong enough to enter the trade and become useful. Then he is brought into the shop and *works for the employer as an improver*. The men always push their sons forward as rapidly as possible, and insist on their getting

Judging by the context the rule applies primarily to employer's apprentices. In some of the Sheffield trades the gradual transformation into factory industries has led to boys being apprenticed also to the capitalist employer. The number of these apprentices is strictly limited by the Trade Unions, and even here the restriction retains traces of the paternal type. Thus the Britannia Metal Smiths have a rule that "no master shall have more than one apprentice at one time; *if two or more partners they can have one each*; and for limited companies, for the first ten men or fractional part thereof one boy, from eleven to twenty-five men two boys, and so raising one boy to every fifteen additional men."

<sup>1</sup> This custom of Patrimony in English trade deserves further study, especially in reference to its resemblance to the common gild and municipal regulation permitting the son of a freeman, without other qualification, to take up his own freedom of the gild or the city on coming of age. We know of no evidence actually connecting the Trade Union custom with the gild or municipal practice. Besides the Stonemasons and the Sheffield trades, traces of the privilege are to be found also among the old unions of Woolstaplers, Millwrights, Coopers, Block-printers, Skinners, Beamers, Twisters, and Drawers, Wapers, Spanish and Morocco Leather Finishers, and a few other handicrafts. It was formally abolished by the London Society of Compositors at the revision of their rules

full man's pay the moment they are entrusted with a man's work to do. In point of fact the trade is almost entirely recruited by this means. Very few lads are bound, and very few outside boys enter the trade. The employers are not anxious to have them, because for the first three or four years they earn nothing and spoil a good deal of stone. On the other hand, the men object to them because for the last year or two they are doing a man's work at a good deal below man's pay, while the member's son entering the trade is pushed forward as rapidly as possible, and compelled by the men to demand the man's rate as soon as he is a capable workman, or else leave the shop and go elsewhere. . . . The rule does not in effect amount to any limitation in the number of learners. Men have been known to bring up as many as six or seven sons to the trade, and such a course is not resented by the others. Hence there is no complaint of undermanning the trade ever heard. In Cornwall and some other quarrying districts, where the men are paid piecework, the learners are absolutely confined to sons of members, and they work direct for their father or other workman, and never for the employer. But there is no other limit, and no fixed period of servitude enforced."<sup>1</sup>

in 1879. Continental history reveals what may, perhaps, be an analogous custom, according to which craftsmen's sons were admitted to the freedom of the craft after a shorter period of apprenticeship, an easier test of proficiency, and lower fees; see, for instance, Du Cellier, *Histoire des Classes Laborieuses en France*, p. 219.

<sup>1</sup> This is one of the instances in which a mere inspection of printed documents, or even a desultory questioning of Trade Union officials, would only mislead the student. There is a common impression that the Stonemasons strictly enforce a long period of educational servitude, and insist on formal indentures. This is frankly stated to any inquirer by the officials of the union. But it does not occur to them to explain that this is not the way in which the trade is actually recruited. Nor do we find any mention of hereditary privilege, or indeed any reference to the regulation of apprenticeship, in any of the editions of the rules issued since the Royal Commission inquiry of 1868. To find any indication of the actual practice we must go back to the earlier rules. The *Laws of the Friendly Society of Operative Stonemasons* (Bolton, 1867) contain, at p. 32, the following clause, elaborated from similar clauses in previous editions: "Boys entering the trade on no occasion to exceed sixteen years of age, and to be legally bound apprentice till twenty-one years of age. No boy to work more than three months without being legally bound. . . . The sons, or step-sons of masons be allowed the scale

The case of the Stonemasons will bring home to the reader the manner in which the Trade Union regulations as to apprenticeship elude any scientific classification. Here we have a trade which seems, at first sight, to be strictly regulated in numbers, age, and fixed period of apprenticeship, all formally defined and rigidly enforced. From this point of view it belongs to the same class as the United Society of Boilermakers. Closer scrutiny reveals, however, the presence, not of formal indentures, reciprocal obligations, fixed period of servitude and limitation of numbers, but of the laxity characterising the hereditary right of all craftsmen's sons to scramble up into journeymen as best they can, insisting all the time on getting the full market rate of wages for boy-labor. Indeed, if we took the extreme case of Cornwall, or other quarrying districts, where the journeyman takes the apprentice, we should have an exact reproduction of the type presented by the Sheffield trades.

We have chosen the Boilermakers, the Sheffield cutlers, and the Stonemasons for special description, because they comprise between them by far the majority of workmen who systematically enforce any apprenticeship regulations at all. All the other trades in which any effective regulation of numbers exists, do not together include as many numbers as the United Society of Boilermakers.<sup>1</sup> But it is among these smaller unions that we find some of the most stringent limitations. Thus, whilst the Boilermakers allow two apprentices to seven journeymen, the Felt Hat Makers<sup>2</sup> and the Flint Glass Cutters<sup>3</sup> have one to five only; the Lithographic Printers permit one to five, but with a maximum of

of initiation, the same as legal apprentices at the age of eighteen years. . . . No boys to be admitted into this society . . . except they have been legally bound, or are masons' sons or step-sons."

<sup>1</sup> Among them may be mentioned the hand papermakers, gold-beaters, basketmakers, brushmakers, coopers, sailmakers, woolstaplers, calico block-printers, and block-cutters—all characteristically old-fashioned handicrafts.

<sup>2</sup> *Rules of the Amalgamated Society of Journeymen Felt Hatters* (Denton, 1890), p. 26.

<sup>3</sup> *Amended Laws of the United Flint Glass Cutters' Mutual Assistance and Protective Society* (Birmingham, 1887), p. 19.



six in any one firm ;<sup>1</sup> the Flint Glass Makers allow one to six ;<sup>2</sup> the Trimming Weavers of Leek declare that there shall be only one "to every seven going looms" ;<sup>3</sup> and the same ratio of one learner to seven journeymen is prescribed by the Nottingham Lace Trade.<sup>4</sup> The old-established union of Silk Hat Makers declares that any manufacturer "employing three journeymen and having been in business twelve months, shall be entitled to one apprentice, and for ten men, two apprentices ; and one for every ten men in addition to that number," and "that employers' sons be reckoned as other apprentices, and not additional as heretofore."<sup>5</sup> Finally, the Yorkshire Stuff Pressers insist that "in any one shop the number of apprentices shall not exceed one to every ten men,"<sup>6</sup> and this extreme limitation is also insisted on by our old friends the Pearl Button Makers, though the fact is not mentioned in the rules.

The apprenticeship regulations that we have so far described have one characteristic in common. The elaborate national treaty of the Boilermakers, the stringent exclusiveness of the Pearl Button Makers, the hereditary succession of the Sheffield trades, and the curiously duplex system of the Stonemasons are all actually enforced in their respective trades. It is just this characteristic of reality which makes these instances exceptional in the Trade Union world of to-day. Other unions retain in their books of rules a more or less formal definition of apprenticeship, and a vote of the members would at any time reveal an overwhelming majority theoretically in favor of the strictest regulations of entrance.

<sup>1</sup> *Rules of the Amalgamated Society of Lithographic Printers of Great Britain and Ireland* (Manchester, 1887), p. 26.

<sup>2</sup> *Rules and Regulations of the National Flint Glass Makers' Sick and Friendly Society of Great Britain and Ireland* (Manchester, 1890), p. 19.

<sup>3</sup> *Rules of the Associated Trimming Weavers' Society* (Leek, 1893), p. 5.

<sup>4</sup> *Prices to be paid for various classes of goods in the Levers Branch of the Lace Trade* (Nottingham, 1893), p. 47. The same rule obtains in the other branches of the trade.

<sup>5</sup> *Rules of the Journeymen Hatters' Fair Trade Union of Great Britain and Ireland* (London, 1891), p. 46.

<sup>6</sup> *Rules of the Leeds, Halifax, and Bradford Stuff Pressers' Trades Union Society* (Bradford, 1888), p. 23.

And yet in these same trades we find the actual conditions of entrance so unregulated that the ranks of the Trade Unionists themselves are largely recruited by men who have not come in by the recognised gate. Typical instances are afforded by the printing and engineering industries.

The case of the Compositors is specially significant. We have here a handicraft requiring no small degree of education and manual dexterity, which has ranked, from the outset, as a highly-skilled craft. During the eighteenth century a seven years' term of apprenticeship was universal, and the local trade clubs at the beginning of the present century unhesitatingly excluded from membership and employment any person who presumed to come into the trade through any but the traditional avenue. Nor has the trade become any easier to learn. Neither machinery nor division of labor has yet enabled the capitalist employer to split up the old craft into sections, each calling only for a low grade of skill. Employers and workmen still agree that the only way to attain proficiency is for a boy to be put through a prolonged course of actual technical instruction in a number of separate processes, from deciphering manuscripts to "displaying" advertisements.<sup>1</sup> Accordingly, a large proportion of the best employers in each generation have cordially acquiesced in the attempt made by the Compositors' Trade Unions to maintain the long period of formal servitude, and have often not objected to a reasonable limitation of the number of apprentices. Yet to-day it is probable that a very considerable proportion of the men who obtain work as compositors, and join Compositors' Trade Unions, have undergone no period of educational servitude at all, with or without indentures, and have "picked up" such knowledge of the trade as they possess whilst earning a full market rate of wages. What is of even more importance from the Trade Unionist point of view, the attempt to set any limit to the total number of persons entering the trade has totally failed.

<sup>1</sup> The most improved machine, the linotype, demands, indeed, an even higher level of skill and a more varied proficiency than that of the compositor at case.

This failure of the Compositors' Trade Unions to carry out their apprenticeship regulations is mainly due to the remarkable spread of the printing industry during the present century. In the case of the Boilermakers the rapid increase of the industry has progressively strengthened the union, and has, in particular, resulted in the actual enforcement of a genuine apprenticeship system. But the development of iron-shipbuilding has taken place almost exclusively in gigantic establishments, carried on by a distinct class of employers. The printing trade, on the other hand, once concentrated in half a dozen towns, has to-day crept into every village, the vast majority of printing offices being tiny enterprises of small working masters. The compositor, moreover, has to deal with a variety of employers, from the London daily newspaper or the great publishers' printer, down to the stationer's shop in a country town or the foreman of a subsidiary department of a railway company, wholesale grocer or manufacturer of indiarubber stamps. When the enterprising workman sets up his hand press in a suburban back street, and takes a boy to help him in his jobbing trade, he is not the kind of employer over whom a Trade Union can exercise any effective control. The Trade Union does not even hear of the numerous instances in which a printing press is set up in the basement of a great advertising manufacturer who chooses to do his own printing on the premises. In all such cases the employment of boy-labor is absolutely unrestricted in numbers, and unregulated by any educational requirements. The standard of quality and speed of working is of the lowest, but the youth who in such shops picks up an elementary acquaintance with "case," presently gets taken on as a cheap "improver" by the little country stationer, and eventually, whether competent or not, drifts to London to pick up casual employment as a journeyman.

With an industry pushing out shoots in this way into all the nooks and crannies of the industrial world, it would tax the ingenuity of the most astute Trade Union official to

maintain any effective control over entrance to the craft. Unfortunately for the Compositors, the rules which their local societies have enforced have actually played into the hands of their enemies. Every Compositors' union has persistently striven to maintain something very like the mediæval apprenticeship in its own town, quite irrespective of what was happening elsewhere. The boy who would enter the printing trade in Manchester or Newcastle must be formally "bound" to an employer for seven years, during which he naturally has to forego part of the market rate of wages. He must commence his service at an early age, and complete it with one and the same firm. Nor does he find it easy to become an apprentice at all. Instead of the Boilermakers' ratio of two apprentices to seven journeymen, applied impartially to all firms, the Compositors' unions almost always impose a definite maximum, however large the establishment. Thus, no printing office in Glasgow may have more than ten apprentices; in Leeds none more than seven; in Hull none more than three; and in Manchester, "in order to adjust the balance of supply and demand, and maintain a fair remuneration of labor, the maximum number of apprentices in each recognised office shall be three for the composing room and two for the machine room."<sup>1</sup> Thus, the great printing establishment of the *Manchester Guardian*, employing over a hundred compositors, is allowed to take no more apprentices than the jobbing master with a dozen men.<sup>2</sup>

This lopsided limitation has had a most unexpected

<sup>1</sup> *Rules of the Manchester Typographical Society* ("instituted November 1797"), Manchester, 1892, p. 35.

<sup>2</sup> The rules of the compositors' unions generally prescribe a ratio of apprentices to journeymen, which, in the case of small masters, is liberal. The Manchester Typographical Society, for instance, allows a small master, having only two journeymen, to take a couple of apprentices. But, unlike the apprenticeship regulations in other trades, this ratio is not applied to the large establishments, which are subject to a definite maximum, far below the number that the ratio would allow. How severely this maximum limits the total number of apprentices in the best Manchester firms may be judged from the fact that twelve of its printing establishments employ half the compositors in the city, having between them 1000 men, and being entitled according to the rule to only sixty apprentices.



result. It might be imagined that Trade Union statesmanship would aim at recruiting the trade from boys brought up in the large establishments, affording systematic training in every branch of the craft, and pervaded, as they usually are, by a strong Trade Union feeling.<sup>1</sup> But the aggregate number of apprentices allowed to such firms is grotesquely insufficient to maintain the trade. When new journeymen are wanted, they have, in three cases out of four, to be drawn from the small establishments, and ultimately from the small towns and rural districts in which neither Trade Unionism nor apprenticeship can be said to exist. Here there is nothing to prevent an unscrupulous employer from taking on as many boys as he chooses, keeping them to the most elementary processes of the craft, and turning them adrift in an untrained state as soon as they begin to ask journeyman's wages. The direct result of the Compositors' "maximum" of apprentices in the large establishments of the strong Trade Union towns is, accordingly, to use, as the chief breeding ground and recruiting ground of the craft, exactly those shops and those districts in which there is the least likelihood of the boys receiving any proper training. Hence we arrive at the paradoxical conclusion that it is the very maintenance of these apprenticeship regulations by the local Compositors' unions that has made the trade now practically an "open" one. As in the country districts any number of boys are, in fact, learning to be compositors, and eventually drifting into the towns, the unions are in a dilemma. If they rigidly maintain their apprenticeship rules, and decline to admit these "illegal men," they find themselves foiled in their negotiations with the employers by the presence of a steadily growing crowd of non-union men, indisposed to

<sup>1</sup> It is interesting to note that there is at least one instance of a Trade Union which consciously adopts this more enlightened policy. The Manchester Union of Upholsterers (now the Manchester Branch of the Amalgamated Society of Upholsterers) has a by-law for the regulation of apprentices which limits the number of lads in small shops and those doing only the cheap common kinds of work to one to six men, while the large shops and those doing high-class work are allowed one to three men.

defer to an organisation from which they are excluded. In order to gain any effective power of Collective Bargaining, the union must make up its mind to admit practically all the men who are actually working at the trade in the particular district, whether they have been apprenticed or not. Nearly all the local Compositors' unions have had periodically thus to "open their books," and take in the "illegal men." And the London Society of Compositors, which includes a third of the Trade Unionist compositors in the United Kingdom, has, since 1879, avowedly admitted to membership any compositor who actually obtains employment in a "fair house" in London, whether he has learnt the trade by apprenticeship or not.<sup>1</sup> The provincial societies still usually profess to confine their membership to men who can produce evidence of having served a seven years' term, but as they all admit without demur any printer who gets employment in the town with a card of membership of any other Compositors' union, including the large open society of the Metropolis, any journeyman whom an employer will engage on the standard piece scale finds no difficulty, whether he has been apprenticed or not, in becoming a fully recognised member of the trade. In short, what is limited is, not the total number of recruits to the trade in the kingdom as a whole, but the proportion of such recruits who receive the educational advantages of the apprenticeship system.

The experience of the Engineers has been no less instructive than that of the Compositors, though in another way. The local trade clubs of smiths and millwrights at the beginning of the present century autocratically excluded from employment all men who could not produce their indentures.<sup>2</sup> Sir William Fairbairn relates how, when in 1811 he obtained a situation as a millwright at Rennie's,

<sup>1</sup> "Every compositor working as a journeyman, overseer, storekeeper, reader, or in any other capacity in a fair house . . . shall be eligible as a member."—*Rules of the London Society of Compositors* (London, 1894), p. 6.

<sup>2</sup> Clubs of smiths, millwrights, and "mechanics" took a leading part in the prosecutions and petitions of the 1813 movement to enforce the apprenticeship laws.—*History of Trade Unionism*, pp. 53-56.

the foreman told him that he could not start until he had been accepted by the Trade Union. Failing to produce duly attested indentures, he was refused permission to work, and driven to tramp away from London and seek a situation in a non-unionist district.<sup>1</sup> Similar regulations lasted down to our own day. The Amicable and Brotherly Society of Journeymen Millwrights, a Lancashire Union dating certainly from the beginning of the century, maintained down to 1855 its old by-laws restricting the number of apprentices, and rigidly insisting on proof of servitude. They declare that "any person wishing to join, whose parents have neglected to provide him with a proper indenture, shall be compelled to produce a sworn affidavit, attested by two respectable witnesses, that he has worked at the trade five, six, or seven years, in a millwright's shop, or with a millwright known to the trade, as an apprentice, and he shall pay any sum not less than £3 : 10s., or more than £5, that a general meeting may decide." He shall be "proposed by a free member, and if it afterwards be proved that he was not legally qualified the said member shall be fined £5. Any person bringing a doubtful indenture shall be subject to the same terms of entrance."<sup>2</sup> The same conception underlay the rules of the Amalgamated Society of Engineers for the first thirty years of its existence. The preface to the edition of 1864 declares that "if constrained to make restrictions against the admission into our trade of those *who have not earned a right by a probationary servitude*, we do so, knowing that such

<sup>1</sup> *The Life of Sir William Fairbairn*, edited by W. Pole (London, 1877), p. 89; *Trade Unionism*, by W. Saunders (London, 1878); *History of Trade Unionism*, pp. 75 and 187.

<sup>2</sup> Another old union declared "that one apprentice be allowed to five journeymen; nevertheless if the number be complete, the eldest, or next eldest, son of a millwright be allowed to work at the trade" (*Rules of the Philanthropic Society of Journeymen Millwrights*, 1855). How far the high entrance fees and rigid requirements were intended to provide technical education and restrict the actual numbers entering the trade, and how far they were designed merely to protect the hereditary "vested interest" of the members' sons, is unknown to us. It is quite possible that the millwrights, at the beginning of this century, were, in reality, mainly recruited much in the same way as the stonemasons of to-day: a reference to the privileges of the eldest sons of millwrights, in the preface to Sir W. Fairbairn's *Treatise on Mills and Millwork*, seems to point in this direction.

encroachments are productive of evil, and when persevered in unchecked, result in reducing the condition of the artisan to that of the unskilled laborer, and confer no permanent advantage on those admitted. It is our duty, then, to exercise the same care and watchfulness over that in which we have a vested interest, as the physician does who holds a diploma, or the author who is protected by a copyright.”<sup>1</sup> And yet to-day we find the Amalgamated Society of Engineers, and nearly all its sectional rivals, freely admitting to membership any man, whether apprenticed or not, who has worked for five years in an engineering establishment, even if merely as a boy or as a machine minder, and who, at the time of his candidature, is obtaining the Standard Rate of wages for his particular branch of the trade.

This complete collapse of the apprenticeship regulations among the Engineers has not, we think, been due to any unreasonableness in the regulations themselves. Unlike the Compositors, the Engineers have never sought to impose an absolute maximum limit of apprentices, or in any way to discourage the instruction of a proportionate number of boys by the large firms. What they have aimed at in their rules and in their negotiations with employers, has been some such arrangement as that now universally accepted by the iron-shipbuilders. But, less fortunate than the United Society of Boilermakers, the Engineers have found their efforts brought to nought by a progressive disintegration of their old handicraft. We have here, in fact, the typical case of the breakdown of apprenticeship under the influence of the Industrial Revolution. “The millwright of the last century,” says Sir William Fairbairn, “was an itinerant engineer and mechanic of high reputation. He could handle the axe, the hammer, and the plane with equal skill and precision; he could turn, bore or forge with the ease and despatch of one brought up to these trades, and he could set out and cut in furrows of a millstone with an accuracy equal or superior to that of the miller himself. . . . Generally he was a fair arithmetician,

<sup>1</sup> *Rules of the Amalgamated Society of Engineers*, etc. (London, 1864).



knew something of geometry, levelling, and mensuration, and in some cases possessed a very competent knowledge of practical mathematics. He could calculate the velocities, strength, and power of machines: could draw in plan and section, and could construct buildings, conduits, or water-courses, in all the forms and under all the conditions required in his professional practice; he could build bridges, cut canals, and perform a variety of work now done by civil engineers.”<sup>1</sup> So varied a proficiency could only be attained by a long period of educational servitude. The workshops of a great engineering firm of to-day present us with an entirely different spectacle. What the millwright formerly executed with the hammer and the file is now broken up into innumerable separate operations, each of which has its appropriate machine. But this is not all. A distinctive feature of the introduction of machinery into the engineering trade is the remarkable variety and diversity of the “power-moved tools” now required in a large machine shop. A gigantic cotton mill often contains only row after row of a single type of self-acting mule or power loom. An engineering establishment will have in use a long array of different types of drilling, planing, boring, slotting, and milling machines, together with a bewildering variety of applications of the old-fashioned lathe. The precise degree of skill and trustworthiness required to work each of these machines, or even to execute different jobs upon one of them, is infinitely varied. The simple drilling machine or the automatic lathe continuously turning out identical copies of some minute portion of an engine can be tended by a mere boy. Some work executed on an elaborate milling machine, on the other hand, taxes the powers of the most accomplished mechanic. Yet so numerous are the intermediate types that the increase in difficulty from each machine to the next is comparatively small. Thus the youth or the laborer who begins by spending his whole day

<sup>1</sup> *A Treatise on Mills and Millwork*, by Sir William Fairbairn (London, 1861), preface.

in "minding" the simplest driller or automatic lathe, may "progress" from one process to another with little further instruction, until, by mere practice on a succession of machines, the sharp boy becomes insensibly a qualified turner or fitter. We need not here discuss whether this "progression" of the more intelligent boys and laborers is not accompanied by the drawback that the majority, from lack of deliberate technical instruction, remain all their lives incapable of any but the simplest routine work. Nor need we dispute the assertion often made that such a "progression" fails, even with the clever and ambitious, to produce an all-round proficiency in mechanical engineering. The fact remains that an ever-increasing number of boys and laborers do climb up this ladder, and become sufficiently competent to obtain employment as fitters, turners, and erectors.

The Amalgamated Society of Engineers has, therefore, during a whole generation, been in a dilemma. Its traditional policy was to exclude the unapprenticed interlopers as "illegal men," and this, on the whole, was the tendency down to 1885. But it found itself powerless to prevent progression within the trade, or to draw a line at any particular machine, in order effectively to separate into distinct classes the "machine-minders" who were "engineers" from those who were "laborers." A Trade Union may conceivably strengthen its position if, by limiting the number of persons learning the trade, it restricts the number of competitors for its particular kind of employment. But once those competitors exist, their presence on the market as non-unionists is fatal to the Method of Collective Bargaining. Hence the Amalgamated Society of Engineers has had to recognise facts and abandon regulations which were being so extensively evaded. For the last ten years each successive delegate meeting has opened the society to new classes of workmen, whether apprenticed or not, until, as we have already mentioned, any adult man who actually obtains employment at the Standard Rate of his particular town and grade, is, in practice, welcomed as a recruit.

We need not enumerate all the trades which stand approximately, with regard to apprenticeship regulations, in the same position as the Engineers and the Compositors. With the important exceptions of the Boilermakers, the Sheffield trades, and the Stonemasons, together with some minor Trade Unions, the whole of the organised workmen in the metal, building, and printing industries belong to this type. The same may be said of the vast majority of the old crafts that have been gradually transformed by the Industrial Revolution. The apprenticeship tradition is still strong, and may often find expression in the rules.<sup>1</sup> In certain towns, or in certain sections of the industry, a real period of educational servitude may still be the customary method of entering the trade. But in some way or another the craft is, as a matter of fact, acquired by unapprenticed men, and there cannot be said to be any real limit to the total number of persons entering the trade. To give some definiteness to our estimate, we may add that we reckon about 500,000 Trade Unionists as belonging to this group of trades.

This leaves a membership of about 900,000, or three-fifths of the whole, in unions which in no way restrict apprenticeship or the learning of their members' occupation by newcomers. We need not dwell on the case of the two

<sup>1</sup> Mr. Sanger, in the mathematical article already cited, says, "Roughly speaking, there exist about 100 Trade Unions which have a more or less definite rule for the limitation of the number of apprentices. But the total number of men belonging to the Unions in all probability does not exceed 200,000. I have considered the effect of the rules of each of the Unions separately, and have come to the following conclusions:—

"(1) In the case of 21 Trade Unions whose total membership exceeds 26,500, the rule is such that if carried out strictly it would cause the number of journeymen to decline.

"(2) In the case of 23 Trade Unions, whose total membership exceeds 35,500, the rule is such that if carried out strictly it would not . . . permit the number of journeymen to increase as fast as the male population of England is increasing.

"(3) In the case of 43 Trade Unions, whose total membership exceeds 86,500, the rule is such as to permit the number of journeymen to increase at least as fast as the male population of England.

". . . It must be admitted that at the present time it is not a question of very great practical importance. If a Trade Union has had an unfair rule on this

or three hundred thousand imperfectly organised general laborers, transport workers, and unskilled operatives of all kinds, among whom apprenticeship could never find a place. But among the "open trades" we find some of the strongest and most successful of Trade Unions, notably those of the Cotton Operatives and the Coalminers, who together make up one-fifth of the total membership of the Trade Union world.

The case of the Cotton-spinners is one of peculiar interest. The Amalgamated Association of Operative Cotton-spinners is, as we have already mentioned, one of the strongest, most efficient, and most successful of Trade Unions. In good years and bad alike it has for a whole generation maintained the net earnings of its members at the relatively high level of from 35s. to 50s. a week. During that period it has succeeded in getting the hours of labor reduced, and the conditions of the factory greatly improved. Its success in confining the profits of the capitalist in cotton-spinning to the irreducible minimum is attested by the capitalists them-

point it has rarely been able to actually carry it into effect."—*Economic Journal*, December 1895.

Our own enumeration, based not on what is said but on what is actually done in the various trades, is as follows:—

(1) Membership of Trade Unions actually enforcing apprenticeship regulations:—		
(a) Really restrictive of numbers . . . . .	15,000	
(b) Not really restrictive of numbers at all (Patrimony restricts choice but not numbers) . . . . .	25,000	
(c) Nominally restrictive, but allowing sufficient recruits to the trades . . . . .	50,000	
	<hr/>	90,000
(2) Membership of Trade Unions nominally retaining apprenticeship regulations, but effectively open		500,000
(3) Membership of Trade Unions having no apprenticeship regulations:—		
(a) Transport workers and laborers . . . . .	250,000	
(b) Textile, mining, and other occupations . . . . .	650,000	
	<hr/>	900,000
		<hr/> <hr/>
		1,490,000



selves. Yet no part of the strength and success of this Trade Union can be attributed to a limitation of apprentices, or to any monopoly feature whatsoever. The number of persons learning to be cotton-spinners is, and has always been unrestricted. The trade is usually recruited from the class of "piecers," two of whom work under each spinner, and are paid by him.<sup>1</sup> Thus, instead of the ratio of two apprentices to seven journeymen insisted on by the Boilermakers, or that of one to ten men maintained by the Pearl Button Makers, the Cotton-spinners positively encourage as many as two to each spinner, a ratio which is approximately ten times as great as is required to recruit the trade. Far from there being any scarcity of candidates for employment, the great majority of piecers have to abandon all hope of getting mules, and find themselves compelled to turn to other occupations. Nor is any definite period of service insisted upon. Any man may become a spinner as soon as he can induce an employer to trust him with a pair of mules, and to pay him for his product according to the standard list of piece-work prices.<sup>2</sup> The fact that under these circumstances the Standard Rate of a cotton-spinner has been kept up for a whole generation, and that his average earnings have positively increased, may be for the moment left as an economic problem to those who still retain the old belief that the limitation of numbers and the exclusion of competitors is a necessary part of efficient Trade Unionism.<sup>3</sup>

<sup>1</sup> Occasionally the employer has tried to have only one boy-piecer to two spinners. This system, called "joining" or "partnering," is always resisted by the union, which insists on each spinner having two piecers under him, on the ground that any other arrangement must necessarily involve a diminution of spinners' earnings. The delegate meeting of the Amalgamated Association of Operative Cotton-spinners in December 1878 resolved "that this meeting greatly deprecates the system of joining, and pledges itself to use every effort to get that system abolished." Since that date, at the cost of many small strikes, the Lancashire operatives have gained their point, and have now each two piecers.

<sup>2</sup> Once in the trade, he is required to join the Trade Union, but no impediment is placed in his way.

<sup>3</sup> The London Plumbers present an interesting case, economically similar in this respect to the Cotton-spinners. The employers in London do not engage boys or apprentices to assist the men in plumbing, or to learn the trade. The custom is for each plumber to be attended by an adult laborer, known as the

Thus, notwithstanding a strong Trade Union feeling in favor of apprenticeship regulations, these cannot be said to be enforced to-day over more than a small fraction of the Trade Union world, and, with the remarkable exception of the Boilermakers, even this fraction is steadily dwindling. It is especially in such industrial backwaters as Dublin and Cork ; in such homes of the small-master system as Sheffield and Birmingham ; and in such old-fashioned handicrafts as glass-blowing and hat-making, that the archaic apprenticeship regulations linger. Over by far the largest part of the limited field in which apprenticeship once prevailed, the system has gone practically out of use, and restrictive barriers, once supported by universal approval, and fondly kept up by the trade clubs of the eighteenth century, have, during the past hundred years, gradually been swept away. Finally, so far from apprenticeship regulations forming a necessary part of Trade Unionism, a positive majority of the Trade Unionists now belong to occupations in which no shadow of apprenticeship has ever existed.

To explain this state of affairs, we must distinguish between the disuse of apprenticeship as an educational system, and its failure as a method of restricting the entrance into a craft. The abandonment of apprenticeship as a form of technical training is not due to the discovery of any satisfactory alternative. There is, on the contrary, a remarkable consensus of opinion among "practical men," that the present state of things is highly unsatisfactory. But many economic causes have contributed to make obsolete the definite period of educational servitude at wages below the market value of the boy's time. Whatever might be the ultimate effect on the welfare of the trade or the future of the boy, this educational servitude does not now immediately remunerate

"plumber's mate." Any employer is at liberty to promote a plumber's mate to be a plumber whenever he chooses, provided only that he pays him the plumber's Standard Rate. Notwithstanding the fact that the number of "plumber's mates," who form the class of learners, is four or five times as numerous as would suffice to recruit the trade, the London branches of the United Operative Plumbers' Society effectively maintain a high Standard Rate.

any of the parties concerned. The employer with a large establishment does not care to be bothered with boys if he has to teach them the whole trade. Even if the thrifty father offers £20 or £30 as a premium, this is no temptation to the capitalist of our own day, paying hundreds of pounds a week in wages alone. He prefers to divide his processes into men's work and boys' work, and to keep each grade permanently to its allotted routine. Now that it is no longer possible for the apprentice to enter his master's household, and all gild discipline has been abolished, the employer feels that he has little control over a boy whom he is legally bound to keep for the stated term. "The advantage," as a great builder remarked to us, "is all on the side of the apprentice." But the boy does not think so. There are to-day so many opportunities for boys to earn relatively high wages without instruction, that they are not easily induced either to enter upon a term of educational servitude at low rates, or to continue on it if they have begun. "The anxiety of the boy to obtain full money as soon as possible is largely responsible," we are told, "for the absence of apprentices." The father, too, is naturally tempted to let his son earn six to fifteen shillings a week either as a telegraph messenger or errand boy, or as porter in some factory or workshop, rather than forego most of this supplement to the family income in order merely that his son may be called an apprentice instead of a boy.

But it would be unfair to attribute this disinclination to apprenticeship merely to a dislike to sacrifice present income to future advantage. In the industrial organisation of to-day, the workman finds it very difficult, if not in some cases impossible, to place his boy in any occupation in which he will be taught a skilled trade. Even when he can apprentice him, he has little security that the boy's instruction will be attended to. And if we pass from the individual father to the members of the craft in their corporate capacity, we shall see that the system of apprenticeship has lost what was really its main attraction. "No one," said Blackstone,

"would be induced to undergo a seven years' servitude, if others, though equally skilful, were allowed the same advantages without having undergone the same discipline." What the father and the apprentice were willing to pay for was, not the instruction, but the legal right to exercise a protected trade. When this right to a trade could be obtained without apprenticeship, as, for instance, by way of "patrimony," father and sons alike have always been eager to forego its educational advantages. Whenever a Trade Union has failed to maintain an effective limitation of numbers, it very soon gives up striving after any educational servitude.<sup>1</sup>

In certain exceptional occupations, apprenticeship can still be made use of to regulate the entrance to the trade. Where the work is carried on, not by individual craftsmen, but by associated groups of highly skilled wage-earners, it is practically within the power of these groups, if supported by the public opinion of their own community, to exclude any newcomer from admission. This "group-system" goes far, we think, to account for the exceptional effectiveness of the Trade Union regulations on apprenticeship among the Boilermakers, Flint Glass Makers, Glass Bottle Makers, and Stuff Pressers. If the trade concerned constitutes by itself only a tiny but indispensable fraction of a large industry, it will not be worth the employer's while to object to even unreasonable demands, so long as the Trade Union takes care to fill each vacancy as it occurs, and ensures him against any interruption of work. The proprietor of a cotton mill is comparatively indifferent to the restrictive rules insisted on by the Tapesizers, the Beamers, Twisters, and Drawers,

<sup>1</sup> It will be noticed that, as among the various forms of apprenticeship that we have described, the actual educational advantages vary roughly in proportion to the actual exclusiveness. The "patrimony" of the Sheffield trades and Stonemasons involves practically little limitation of numbers, and offers, on the other hand, the very minimum of security for technical instruction. The real limitations of the Boilermakers and Flint Glass Makers, on the contrary, whilst they result in something like a craft monopoly, do give the community in return a genuine educational servitude, and provide for the constant "selection of the fittest" boys by the employers.



and even the Overlookers, whose wages form but a trifling percentage of the total cost of production.<sup>1</sup> It is only in the industries in which, by exception, one or other of these conditions prevails, that we see maintained or revived any effective Trade Union limitation of apprenticeship. Over all the rest of the industrial field the barrier is broken down by the stronger forces of the mobility of capital, and the perpetual revolutionising of industrial processes.<sup>2</sup> No Trade Union has been really able to enforce a limitation of apprentices if new employers are always starting up in fresh centres; if the craft is frequently being changed by the introduction of new processes or machinery; if alternative classes of workers can be brought in to execute some portion of the operation. These are precisely the conditions which are typical of most of the industries of the present century.

Trade Unions might, it is true, appeal to the law. But apart from the insuperable difficulties of adapting any legally enforced apprenticeship to the circumstances of modern industry, it is easy to see that no revival of the system would gain the support of public opinion. From the point of view of the community the old system has three capital disadvantages. There is no security to the public that the apprentice will be thoroughly and efficiently taught. It is no longer the "master craftsman" who himself instructs the boy and has a direct pecuniary interest in his early proficiency. The scores of apprentices in a modern shipyard

<sup>1</sup> It is to this consideration, we think, that the Patternmakers in engineering establishments, and the Lithographic Printers in the great firms which now dominate that trade, owe their relatively effective position as regards apprenticeship.

<sup>2</sup> The sawyers exhibit a curious evolution. The old hand sawyers of the early part of the century were notorious for the strength and exclusiveness of their Trade Unions. The introduction of the circular saw, driven by steam power, led to the supersession of the old handicraftsmen by a new class of comparatively unskilled workers, who were drawn from the ranks of the laborers, and remained for some years unorganised. With the increasing speed and growing complication of mill-sawing machinery, these mill-sawyers have, in their turn, become a highly specialised class, whom an employer finds some difficulty in supplanting by laborers. The comparative stability which the industry has now attained has enabled these machine workers to establish an effective union, which is gradually enforcing a fixed period of apprenticeship.

are necessarily left mainly to learn their business for themselves, by watching workmen who are indifferent or even unfriendly to their progress, with possibly some occasional hints from a benevolent foreman. In these days of pedagogic science, elaborately trained teachers, and "Her Majesty's Inspectors of Schools," the haphazard relation between the apprentice and his instructors will certainly not commend itself to the deliberate judgment of the community. Moreover, all history indicates that an apprenticeship system must leave outside its scope the large proportion of boys who recruit the vast army of unskilled laborers. In the absence of an apprenticeship system, the abler and more energetic of these succeed, as we have seen, in "picking up" a trade, and in progressing, as adults, according to their capacities. One of the darkest features of the whole history of apprenticeship is the constant necessity, if the system is to be maintained at all, of excluding, from the protected occupations, all "illegal men." We need not weary the reader with mediæval instances.<sup>1</sup> But it will be obvious that the elaborate Apprenticeship Treaty concluded between the Boilermakers and their

<sup>1</sup> It is usually forgotten that gild membership, and the right to carry on a skilled craft, at no time extended to the great army of laborers. The case of the Bladesmiths may serve to remind us of the existence of a vast mass of unapprenticed workers. On the 10th October 1408 the masters of the trade of the "Blaydesmiths" in London presented a petition and a code of articles for the government of the trade to the Mayor and Corporation. These articles were read and approved, and they include one, "That no one of the said trade shall teach his journeymen the secrets of his trade as he would his apprentice, on the pain aforesaid" (namely a fine of 6s. 8d. for the first offence, 10s. for the second, and 13s. 4d. for any further offence). The journeymen alluded to here were no doubt the "strikers" who assisted the smiths in their task.—See Riley's *Memoirs of London and London Life* (London, 1868), p. 570.

How large was the proportion of unapprenticed laborers is perhaps roughly indicated by the fire regulations of the Common Council of London in 1667, when the "handicraft companies" of Carpenters, Bricklayers, Plasterers, Painters, Masons, Smiths, Plumbers and Pavours were ordered to elect yearly for each company, 2 Master Workmen, 4 Journeymen, 8 Apprentices and 16 Laborers to form a Fire Brigade (Jupp, *History of the Carpenters' Company*, London, p. 284). There are many occupations to-day in which the number of unskilled laborers exceeds that of the skilled craftsmen; and it may well be that the gilds at no time included more than a minority even of the adult male workers.—See *History of Trade Unionism*, p. 37; Du Cellier, *Histoire des Classes Laborieuses en France* (Paris, 1860), p. 204; Mrs. Green, *Town Life in Fifteenth Century*, ii. 103.

employers necessarily closes the door of advancement to the crowd of rivet-boys and platers' helpers in an iron-shipyard, some of whom would otherwise find themselves able to pick up the trade. The Carpet-weavers are driven to prohibit any person, other than a "registered creeler" (the apprentice), "to be at the front of the loom or otherwise doing the work of the weaver,"<sup>1</sup> lest he should insidiously learn the art. The Calico-printers absolutely forbid their "tenters," or laborers, ever to touch the "doctor" (the long knife which adjusts the precise amount of coloring matter), or even to come in front of the machine. Unless a sharp line is drawn, either by law or by custom, between duly apprenticed craftsmen and "illegal men," it is obvious that no apprenticeship system can long exist. Finally, when such a separate class is created, the community can never tell to what extent it is being mulcted for the maintenance of the system. It was, in fact, the cost to the community, and, as he thought, the excessive cost, that led Adam Smith so fervently to denounce the whole apprenticeship system, with its inevitable consequences of monopoly wages and profits. In our own day, it is impossible to calculate how much it costs the community to educate a boilermaker or glassblower. We may infer that we are paying for it in the relatively high wages of these protected trades, but how much we are paying in this way, and upon whom this burden is falling, it is impossible to compute. Undemocratic in its scope, unscientific in its educational methods, and fundamentally unsound in its financial aspects, the apprenticeship system, in spite of all the practical arguments in its favor, is not likely to be deliberately revived by a modern democracy.<sup>2</sup>

<sup>1</sup> *Rules of the Power Loom Carpet-weavers' Mutual Defence and Provident Association* (Kidderminster, 1891).

<sup>2</sup> It may be inferred that technical education, even more than common schooling, is too immediately costly, if not also too remote in its advantages, to be within the means of the great majority of parents. Individual capitalists, who are not necessarily interested in the future welfare even of their own trades, will not bear the expense of teaching a new generation of skilled workmen—whom they may never need to employ. Thus, though Mr. Inglis strongly objected to any limitation of the number of apprentices, he explains why he and other

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*(b) The Limitation of Boy-Labor*

The abandonment of the old period of educational servitude has, in some instances, created a new problem. When the employer finds himself freed from all obligation to teach his boys, and is, on the other hand, obliged to pay them the full market value of their time, he naturally prefers to keep them continuously employed on such routine work as they can best perform. The manufacturing process is therefore subdivided, so that as large a portion as possible shall fall within the competence of boys kept exclusively to one particular task. From the point of the Trade Union, this constitutes a new grievance. It is no longer a case of objecting to an undue multiplication of apprentices, leading in course of time to an unnecessary increase in the number of competent workmen seeking employment. What the men complain of is that the employers are endeavouring, by an alteration of the manufacturing process, to dispense with skilled labor, or, indeed, with adult labor altogether. So far this complaint may appear only another instance of "New Processes and Machinery," a subject sufficiently dealt with in a preceding chapter. If the employer, by any change of process, can bring his work within the capacity of operatives of a lower grade of strength or skill, it is useless, as we have seen, for the superior workers who were formerly employed to resist the change. When, however, the innovation involves, not the substitution of one class of adults for another, but of boys for men, a new argument has to be considered. To the grown-up workmen in a trade, it seems preposterous that they should be thrown out of employment by their youthful sons being taken on in their places. Their aggravation is

employers agreed to the Trade Union restriction. "We have," he says, "our business proper to attend to, and cannot devote all our energies to striving for the greatest good of the greatest number" (*The Apprentice Question*, p. 10). If the community desires to see a constant succession of skilled craftsmen, the community as a whole will have to pay for their instruction. Even with an apprenticeship system, the community, as we suggest above, really paid in the long run.



increased when they see these sons, not taught any skilled craft, but kept, year after year, at the simplest routine work, and discharged in favor of their younger brothers as soon as they begin to ask the ordinary wage of an adult laborer.

To prevent this evil, some Trade Unions, which have given up the requirement of a period of educational servitude, have attempted to enforce a simple limitation of boy-labor. They may make no objection to any number of boys being properly taught their craft, and so rendered competent workmen. Such apprentices would naturally be put first to the simpler processes. But when these simpler tasks are permanently separated from the rest, and handed over to a distinct race of boys, who are not intended to learn the remainder of the work ; when the number of boys so employed is steadily increased, and the number of adult workmen diminished, the change is always fiercely resisted by the Trade Union. We need only describe the leading instance, that of the National Union of Boot and Shoe Operatives. Here the substitution of boys for men has been hotly contested for many years. At first the union sought to meet the case by enforcing the usual apprenticeship regulations. But with the growing use of machinery and subdivision of labor, "any attempt to restrict the entrance by making the conditions not so profitable at first—by making the wage small and the years long"<sup>1</sup>—was broken down by the fact that boys, taking short views of their own advantage, preferred to earn the relatively higher wages of unapprenticed machine-minders. This led, as one of the men's spokesmen declared in 1892, to "the wholesale flooding of the market with boys, and the wholesale discharging of men. . . . I have proof before me of where a number of fathers in this town (Leicester) have been discharged, and their sons set on in their places. . . . We have firms to-day—though we ask for the limitation of 1 boy to 5 men—we have firms in Leicester where they have 5 men to 6 boys, 19 men to

<sup>1</sup> National Conference, 1893 ; proceedings before Umpire.

14 boys, 23 men to 11 boys, 5 men to 21 boys, 13 men to 18 boys, 6 men to 4 boys, 3 men to 9 boys, and 3 men to 1 boy."<sup>1</sup> The men complained that this state of things not only deprived them of employment, but that it also prevented those who were employed from getting the Standard Rate. "In the town I come from (Norwich)," said another representative, "it is all very well for employers to say, 'I will pay a certain price for your labor.' But the moment a man asks for the price agreed upon he is discharged, and a boy is put in his place."<sup>2</sup>

The union accordingly asked that the maximum number of boys in any factory should be fixed at the ratio of one to every five journeymen. The employers did not dispute the facts. They refused to discuss whether the change was for the public advantage or not. They fell back on the simple position that the employment of boys was a matter entirely "within the province of the employer, and that it is not a question in which the workmen may rightly interfere." They declared that any limit on the number of boys would be "not only an encroachment on the right of manufacturers to manage their own business in their own way, but also it is impracticable, and cannot be carried out, because of the varying circumstances of the various portions of the trade, and of the various employers and various towns."<sup>3</sup> The issue was in due course remitted to the umpire, Sir Henry (now Lord) James, in pursuance of the collective agreement described in our chapter on "The Method of Collective Bargaining." The employers used every argument in defence of their "right" to carry on their own business in their own way. The men's demonstration of the evils of this excessive use of boy-labor was, however, so overwhelming that the umpire felt bound to admit their contention. In a remarkable award, dated 22nd August 1892, the principle of restricting, by Common Rule, the proportion of boys to be employed by any manufacturer in the boot and shoe trade

<sup>1</sup> National Conference, 1893; proceedings before Umpire, 1892, p. 62.

<sup>2</sup> *Ibid.* p. 63.

<sup>3</sup> *Ibid.* pp. 94, 96.

was definitely established, the ratio being fixed at one to three journeymen.<sup>1</sup>

It is not easy to imagine the feelings with which Nassau Senior or Harriet Martineau would have viewed the spectacle of an eminent Liberal lawyer imposing such a restriction on "the right of every man to employ the capital he inherits, or has acquired, according to his own discretion, without molestation or obstruction, so long as he does not infringe on the rights or property of others."<sup>2</sup> Lord James was convinced that he had to cope with a real evil. That a generation of highly-skilled craftsmen should be succeeded by a generation incapable of anything but the commonest routine labor, seemed to him to be a disadvantage, not only to the craftsmen themselves, but also to the community. The competition between the boys and their fathers is, it was argued, an "unfair" one.<sup>3</sup> The wages paid in a boot factory to a boy between thirteen and eighteen, though large in comparison with those given to the old-fashioned apprentice, are far below the sum on which the race of operatives could be

<sup>1</sup> "In the matter of an arbitration between the National Union of Boot and Shoe Operatives, and the National Federation of Associated Employers of Labor in the Shoe Trade, I, the undersigned, having taken upon myself the burden of the said Arbitration, and having heard the parties thereto by themselves and their Witnesses, do now in respect of the matters in dispute submitted to me, adjudge and determine as follows: 'That in respect of the work carried on by Clickers, Pressmen, Lasters, and Finishers, the Employers of Labor in Shoe Factories and Workshops shall in each department respectively be restricted in the employment of boys (under 18) to one boy to every three men employed. And that where the number of men employed shall not be divisible by three, one boy may also be employed in respect of the fraction existing, either less than three, or above each unit of three.

"That whilst the above restriction is general in its *prima facie* application, I further adjudge that it may be inexpedient in certain Factories and Workshops in which the manufacture of goods called 'Nursery Goods,' and other goods of a common quality and of a low price is carried on." Other clauses provided for the adaptation by the Local Boards of the general restriction to such low-class firms, and for the reference of disputes to an umpire.—National Conference, 1892, p. 149.

<sup>2</sup> *Report of the Committee on the State of the Woollen Manufacture in England*, 4th July 1806, p. 12; *History of Trade Unionism*, p. 56.

<sup>3</sup> See our chapter on "New Processes and Machinery," for other instances of, in this sense, "unfair" competition; and our chapter on "The Economic Characteristics of Trade Unionism," for fuller consideration of the results of "parasitic trades."

permanently maintained, and therefore below what may be called the boy's cost of production. An employer carrying on his factory entirely by boy-labor, and yet giving the boys no educational training, is, therefore, enjoying a positive subsidy in aid of just that form of industrial organisation which is calculated to be, in the long run, the most injurious to the community.

But though the excessive multiplication of boy-labor may be a grave social danger, and though Lord James's remedy of limitation is not without precedent,<sup>1</sup> we think that experience points to the impossibility of any Trade Union coping with the evil in this way. Even Lord James's award, with all its decided acceptance of the principle of restriction, gave away the men's case by its exceptions. He refused to bind those employers who "manufactured goods called 'Nursery goods' and other goods of a common quality and of a low price," on the ground that no uniform ratio of boys to men was applicable to their branch of the trade. In this refusal there can be no doubt that he exercised a wise discretion. To have insisted on these "Nursery" manufacturers doing work by adult labor which was actually being performed by boys would have resulted only in their immediate withdrawal from the Federation of Employers, and so from the scope of the award. Thus, these low-class

<sup>1</sup> We know of no other instance of the direct limitation of the number of boy workers in a trade by the award of an arbitrator, or even by mutual consent of the employers and men, though the award of Mr. T. (afterwards Judge) Hughes in the case of the Kidderminster Carpet Weavers in 1875, by which the number of boys allowed to actually work on looms was limited to one to five men, was given partly on these grounds (see *Report of Conference of Manufacturers and Workmen before T. Hughes, Esq., Q.C., at . . . Kidderminster, 30th July 1875*. Kidderminster 1875). But there are several instances of regulations by Trade Unions aiming at this end. Thus in 1892 the Brassfounders' Society at Hull succeeded in enforcing a very strict limitation of the number of boys in each shop, in order to stop the competition of excessive boy-labor. The Whitesmiths in the North of England, the Coppersmiths of Glasgow, and the Packing-case Makers in Bradford and other towns have made similar efforts to check the growth of this practice, whilst the Amalgamated Wood Turners' Society of London, in a circular to their employers in 1890, urged that all lads in the trade should be apprenticed for five years, "a system which, when carried out, would be as great a blessing for the lad as for the master, and remove the unfair competition of boy-labor."



manufacturers, together with all small masters and non-associated firms, go on employing as many boys as they choose. The umpire's award, in fact, only applied to those cases in which it was least required. The National Union of Boot and Shoe Operatives accordingly finds itself in much the same position with regard to boy-labor as the Typographical Association does with regard to apprentices. It nominally possesses the power of limiting the number, but this power is only effective in high-class establishments, and not even in all these. The only result of enforcing the limit is thus, not any restriction of the total number of boys in the trade, but merely their concentration in particular districts or particular establishments from which, as they grow up, they overflow to the others. The trade remains, therefore, as overrun as ever, with the added evil that it tends more and more to be recruited from the least educational channels.

In other trades the failure to put any effective restriction on the employment of boy-labor has been even more decided than among the Boot Operatives and the Compositors. The Engineers and Ironmoulders, for instance, have from time to time attempted to enforce a limit of boy-labor. Such regulations can for a time be enforced in strong Trade Union towns, in those branches of the trade which absolutely demand skilled workmen, and in establishments where Trade Unionism has gained a firm hold. But in the meantime the boys, even in Trade Union strongholds, will have been crowding into the workshops of small masters, or of those low-grade establishments which rely almost exclusively on boy-labor. At the same time, as in the analogous case of Trade Union Regulations on apprenticeship, the non-unionist districts will be bringing in an unlimited number of recruits, who have grown up outside Trade Union influence.

It may be objected that this drawback to any limitation of boy-labor relates, not to the regulation itself, but to the method by which it is enforced. If instead of a mere voluntary agreement, the limitation were imposed by law,

its universal application would, it may be argued, effectually put a stop to the abuse that is complained of. Such a law would, however, have to be considered from the point of view of those whom it excluded from the trade, as well as from that of those whom it protected. A community which peremptorily limited the number of boys whom employers might engage would find itself under an obligation to provide some other means of maintenance for those who remained over. If the law attempted to distribute the annual supply of boys proportionately over all the industries of the country, it would have to get over the difficulty, which Lord James found insuperable, of framing any Common Rules that could be applied to the different grades of establishments, in all the innumerable varieties of occupation—to say nothing of the complications arising from trades which employ no boys at all, and from others in which boys only are required. Finally, in order to arrive at the necessary adjustment between the total supply of boy-labor and the demand for it, as well as to hit off the happy mean between undue laxness and economic monopoly in any particular trade, it would need to be based upon data as yet absolutely unknown, as to the rate at which each trade was increasing, and the length of the average operative's working life.<sup>1</sup> In short, whilst any legal restriction on the number of boys to be

<sup>1</sup> See "The Fair Number of Apprentices in a Trade," by C. P. Sanger, in *Economic Journal*, December 1895.

The Factories and Shops Act of 1896 (No. 1445) of the Colony of Victoria empowers (sec. 15) a special Board appointed by the Governor, and consisting of equal numbers of employers and employed, to fix, in the Clothing, Bootmaking, Furniture, and Breadmaking industries, "the number or proportionate number of apprentices and improvers under the age of eighteen years who may be employed within any factory or workroom, and the lowest price or rate of pay payable" to them. Any person employing more than the number or proportion so fixed is made liable to fine, and, on a third offence, the registration of his factory or workroom "shall without further or other authority than this Act be forthwith cancelled by the Chief Inspector." If this law is ever put effectively in force, its working will deserve the careful attention of economists.

We should ourselves be inclined to look for a remedy of the evil of excessive boy-labor, not to any Trade Union Regulation, nor yet to any law limiting numbers, but (following the precedent set with regard to children's employment) to a simple extension of Factory Act and educational requirements; see our chapter on "The Economic Characteristics of Trade Unionism."

employed in a particular industry can scarcely fail to be inequitable, any general restriction on the number of boys to be employed in all trades whatsoever is plainly impossible.

(c) *Progression within the Trade*

We come now to a small but interesting series of Trade Union Regulations which have hitherto escaped attention. There are some trades which are not recruited from boys at all, but from adult men, who leave their previous work and "progress" to more responsible duties. Thus, the London Builders having practically ceased to employ boys, the Operative Society of Bricklayers is now largely recruited, in the very numerous Metropolitan branches, from young builders' laborers, who are permitted to decide, up to the age of twenty-five, whether they will permanently abandon the hod for the trowel.<sup>1</sup> In this case the progression is practically unregulated by any definite rule. Elsewhere the arrangements are sometimes more elaborate. Thus, the small Manchester Slaters' and Laborers' Society practically admits to membership, as a laborer, any man who is actually working with a slater, and it is from such laborers that the ranks of the slaters are recruited. But although the laborers form a majority of the society, the rules provide for strict regulation of this progression. Any slater's laborer who desires to become a slater must first serve seven years in the lower grade, and then apply to the secretary of the union. A committee of six practical slaters is then appointed, by whom the candidate is examined in all the mysteries of the art. If he passes this ordeal, he is recognised as a slater, and entitled to demand the full slater's pay. The number of laborers so promoted is limited to three in each year.<sup>2</sup>

<sup>1</sup> It must be borne in mind that, as part of the defence of the Standard Rate, no laborer is permitted to do *occasional* work as a bricklayer.

<sup>2</sup> *Rules of the Manchester and Salford District Slaters' and Laborers' Society* (Manchester, 1890). The London plumbers, in the absence of boy apprentices,

A more complicated system of progression is to be found in some trades in which the operatives are divided into different grades. Among the Steel Smelters the subordinates, known as wheel-chargemen; who are recruited from ordinary laborers, perform the onerous task of bringing to the furnace the heavy loads of pig-iron with which it is charged. The men actually engaged in the smelting operations are divided into three grades, having varying degrees of responsibility for the successful issue of this very costly process, but all alike engaged in severe physical exertion and exposed to excessive heat. When a vacancy occurs in the third or lowest grade, one of the wheel-chargemen is promoted to fill it. A vacancy in any of the higher grades must be offered first to any workman of that particular grade who happens to be out of employment. If no such candidate appears, it is then filled by selection by the employer from the next lower grade. A precisely similar arrangement is combined with apprenticeship among the Silk-dressers, who are divided into apprentices, third hands, second hands, and first hands. Among the Flint Glass Makers the hierarchy of grades is even more complex. An apprentice may become either a "footmaker" or may, if he is competent, skip that grade and become at once a "servitor." But no "servitor" may become a "workman," and no "footmaker" a "servitor," so long as any man in the higher grade is out of employment.<sup>1</sup> In the strongly-organised United Society

are, as we have already mentioned, assisted by men known as "plumbers' mates," who have a union of their own. An employer is free to promote a plumber's mate to be a plumber, whenever he considers him to be worth the plumbers' Standard Rate. In most parts of the country the "forgers" or smiths in manufacturing establishments are similarly recruited from the strikers who work in conjunction with them, and who are in the same union.

<sup>1</sup> Thus a Flint Glass Maker, advocating a scheme for the absorption of the unemployed, declared that "the servitor that has been waiting for an opportunity to get to the Workman's chair would then get his desire; the Footmaker that was put to make foot when he was bound apprentice, and is still in that position, although he may be thirty years of age, and perhaps more than that, with a wife and family dependent upon him, and the reason of his still being in that position is not that he has not the ability to be in a higher one, but because there has been no vacancy only where there has been an unemployed man ready to fill it and keep him back."—Letter in *Flint Glass Makers' Magazine*, November 1888.



of Boilermakers this system of progression is curiously worked in with the existence of an inferior grade of operatives, who are freely admitted to the union, but are only permitted to progress under certain conditions. The platers, angle-iron smiths, and rivetters who form the bulk of the society are mostly recruited under the strictly-regulated apprenticeship system which we have described. But there is also another class of members, called "holders up," who are less skilled than their colleagues, and who were only admitted to the union in 1882. A "holder up" may progress to be a plater or rivetter if he becomes competent for their work, but only on condition that no member of the superior grade is out of work in the district in question. Similarly, a plater, rivetter, or angle-iron smith is not allowed to change to another division of the trade so long as any member of that division is seeking employment.

The trades in which this system of regulated progression prevails cannot be said to be entirely "open," as an employer is not permitted to promote a favourite operative in such a way as to leave unemployed any workman of a higher grade. On the other hand, regulated progression differs from apprenticeship, in the total absence of any desire to reduce the number of candidates below that of places to be filled. No obstacle is thus placed in the way of an expansion of trade; and when bad times return there are more operatives of all classes than there are places to fill. The arrangement is, in fact, merely one for giving to all the members of each grade the utmost possible continuity of employment, at the cost of practically confining the opportunities of individual promotion to the periods of expanding trade.

There are some reasons for expecting this system of regulated progression to become more widely prevalent in British industry. It is specially characteristic of modern trades, and the modern form of business on a large scale. It is adapted to the typical modern device of splitting up a handicraft into a number of separate processes, each of which falls to the lot of a distinct grade of workmen. It is con-

sistent with the decay of apprenticeship, and the "picking up" of each process in turn by the sharp lad and ambitious young mechanic. It goes a long way to secure both the main objects of Trade Unionism, continuity of livelihood, and the maintenance of the Standard of Life. It has no invidious exclusiveness, or attempt at craft monopoly. It lends itself to a combination of all the different grades of workmen in a single industry, whilst enabling each grade to preserve its own feeling of corporate interest. What is even more significant, the system secures to the manufacturing operatives in large industries much the same sort of organisation as has spontaneously come into existence among the great army of railway workers, and in the Civil Service itself. In the graded service of the railway world, whilst there is no fixed rule on the subject, it is usual for the general manager and the directors to fill vacancies in the higher posts by selecting the most suitable candidates from the next lower grade. New-comers enter, in the ordinary course, at the bottom of the ladder, and progress upwards as vacancies occur. In times of depression, when the staff remains stationary, or has to be reduced, the contraction operates mainly at the bottom. Recruiting for the lowest grade is practically suspended. Higher up, vacancies may remain unfilled and promotion thus be checked, but actual dismissals for want of work are rare, and are only resorted to in cases of absolute necessity. This continuity of livelihood, which prevails largely in great banking corporations, and, indeed, in all extensive business undertakings, is still more characteristic of the British Civil Service. The Postmaster-General, who is by far the largest employer of labor in the country, never dismisses a man for lack of business, and fills practically all the higher grades of his service by promotion from the lower as vacancies occur. The union of competing firms into great capitalist corporations or syndicates, such as those already prevailing in the salt, alkali, and cotton thread trades, and the growth of colossal commercial undertakings under single management, appears likely to bring with it, as a mere matter of con-

venience and discipline, the creation of a similarly graded service in each monopolised industry.

In the case of the Civil Service, as in the Army and Navy, this system of regulated progression is combined with an objectionable feature. Although here and there a man of exceptional ability or influence may be pitchforked into a high post, over the heads of others, the great majority of vacancies in the upper grades are filled by mere seniority, tempered only by the passing over of officers who are notoriously inefficient. No such idea of seniority is to be found in the Trade Union regulations. The manager of a steel works has full liberty to pick out the most competent wheel-chargeman to be a Third Hand. He may fill vacancies in the class of Second Hands from the ablest of the Third Hands, and then choose the very best of the Second Hands to keep up the select group of First Hands on whom the principal responsibility rests.<sup>1</sup> The Silk-dressers leave it absolutely to the employer to pick out, for any vacancy in the higher grades, whichever workman in the lower he may think best qualified for the place. Once a man has been deliberately promoted by his employer to a particular grade, he is entitled, under the Trade Union system of regulated progression as in the Civil Service, to a preference for work of that or any higher class, over any man of an inferior grade. But under these Trade Union regulations the members of any particular grade can urge, as among themselves, no other claim than that of superior efficiency. The very conception of seniority, as constituting a claim to advancement, is foreign to Trade Unionism. Whatever arrangements may be made to protect the vested interests of those already within the circle, there is never any idea of preferring, among the candidates for admission, either those who are oldest or those

<sup>1</sup> A short period of service in the lower grade before promotion is sometimes stipulated for in the rules :—

“That no person be allowed to work (as a) second hand before being one year, nor (as a) first hand before being three years at the trade.”—*Constitution and Rules of the British Steel Smelters' Amalgamated Association* (Glasgow, 1892), p. 30.

who have served longest. It is a special characteristic of the industrial world, as compared with the more genteel branches of the public service, that such special promotion comes, as a rule, not to the old but to the young; not to the workman grown gray and stiff at his mechanical task, but to the clever young artisan who reveals latent powers of initiative organisation or command.<sup>1</sup> Against such promotion according to merit no Trade Union ever urges a word of objection.

But although the Trade Union world is singularly free from any idea of promotion by seniority, there are, here as elsewhere, traces of what may be called local protectionism, in conflict with the more general class interest. Thus it is a cardinal tenet of the Amalgamated Association of Operative Cotton-spinners that, whilst it is for the operatives to insist on a universal enforcement of the Standard Rate, it is for the employer, and the employer alone, to determine whom he will employ. When a pair of mules are vacant, the mill-owner may entrust them to whomsoever he pleases, provided that the selected person instantly joins the union and is paid according to the "List." But the operatives in the particular mill have not infrequently resented the introduction of a spinner from another mill, even if he is a member of their own union, when there are piecers who have grown up in the service of the firm, and have long been waiting for the chance of becoming spinners. The able officials and leaders of the Amalgamated Association of Operative Cotton-spinners throw their weight against any such feeling on the ground that it is inconsistent with Trade Unionism. The same conflict of the local with the general interest has come up among the Steel Smelters, whose system of regulated progression is so elaborate. At one branch (Blochairn Works, Glasgow) the Wheel-chargemen (there called "helpers") objected to vacan-

<sup>1</sup> This is, to some extent, the case also in the more business-like branches of the British Civil Service, where the aristocratic tradition is absent. The large graded services of the Post Office, Customs, and Excise are mainly governed by a system of "promotion according to merit," vacancies being filled by selection among the next lower grade, irrespective of seniority.



cies among the Third, Second, or First Hands in their particular establishment being filled by unemployed men of those grades, coming from elsewhere. They demanded that the wheel-chargemen, and the men in other lower grades, should have a preference for any vacancies that occurred in their own steelworks. Any such substitution of a vertical for a horizontal cleavage of the trade would, it is clear, be inconsistent with the regulated progression enforced by the British Steel Smelters' Amalgamated Association, and would have seriously hampered the employers' choice of operatives. The union accordingly refused to recognise the claim of the Blochairn helpers, and they were eventually excluded from its ranks.<sup>1</sup>

(d) *The Exclusion of Women*

So far we have taken for granted that the candidate for admission to the trade belongs to the male sex. In this we have followed the ordinary Trade Union books of rules, which, in nine cases out of ten, have found no need to refer to the sex of the members. The middle-class Anglo-Saxon is so accustomed to see men and women engaged in identical work as teachers, journalists, authors, painters, sculptors, comedians, singers, musicians, doctors, clerks, and what not, that he unconsciously assumes the same state of things to exist in manual labor and manufacturing industry.<sup>2</sup> But in the hewing of coal or the making of engines, in the building of ships or the erecting of houses, in the railway service or the mercantile marine, it has never occurred to the most

<sup>1</sup> We need not do more than mention the demand—put forward by the Enginemens' and the Plumbers' Trade Unions—that the possession of a certificate of competency, awarded by some public authority, should be made a condition of practising their respective trades. Regulations of this kind already govern, not only the learned professions, but also the mercantile marine, and, to a growing extent, the elementary school service. Protection of the interests of the consumer may possibly cause them to be extended to some other occupations; Massachusetts Law 265 of 1896 requires a certificate for gasfitters.

<sup>2</sup> Similarly, the entrance into industrial occupations of a relatively small number of middle-class women has given rise to a quite disproportionate impression as to the extent to which the employment of women has increased; see the Board of Trade *Report by Miss Collet on the Employment of Women and Girls*, p. 7.

economical employer to substitute women for men.<sup>1</sup> And thus we find that, contrary to the usual impression, nine-tenths of the Trade Unionists have never had occasion to exclude women from their organisations. Even in the industries which employ both men and women, we nearly always find the sexes sharply divided in different departments, working at different processes, and performing different operations.<sup>2</sup> In the vast majority of cases these several departments, processes, and operations are mutually complementary, and there is no question of sex rivalry. In others we find what is usually a temporary competition, not so much between the sexes, as between the process requiring a skilled man, and that within the capacity of a woman or a boy laborer. Our chapter on "New Processes and Machinery" has described the Trade Union policy with regard to the substitution of unskilled for skilled labor. The present section has, therefore, only to treat of the comparatively small number of cases in which, without any change of process, women attempt to learn the same trade and perform the same work as men.

The intensity of the resentment and abhorrence with which the average working man regards the idea of women entering his trade, equals that displayed by the medical practitioner of the last generation. We have, to begin with, a deeply-rooted conviction in the minds of the most conservative of classes, that, to use the words of a representative compositor, "the proper place for females is their home."<sup>3</sup> The respectable artisan has an instinctive distaste for the promiscuous mixing of men and women in daily intercourse,

<sup>1</sup> The women who worked in coalpits before the Mines Regulation Act of 1842 did the work, not of the coal-hewers, but of boys. The sweeping prohibition of women working in underground mines happened not to be a Trade Union demand, for the miners were at the moment unorganised. It was pressed for by the philanthropists on grounds of morality.

<sup>2</sup> See "The Alleged Difference between the wages of Men and Women," by Sidney Webb (*Economic Journal*, December 1891); *Women and the Factory Acts*, by Mrs. Sidney Webb (Fabian Tract, No. 67).

<sup>3</sup> *Report of Proceedings of the Meeting of Delegates from the Typographical Societies of the United Kingdom and the Continent* (London, 1886), p. 25.

whether this be in the workshop or in a social club.<sup>1</sup> These objections, which often spring from mere old-fashioned prejudice, tend to hide, and in the eyes of progressive reformers, to discredit, the Trade Union objection to a new class of "blacklegs." No employer would dream of substituting women for men, unless this resulted in his getting the work done below the men's Standard Rate. The facts that women have a lower standard of comfort than men, that they seldom have to support a family, and that they are often partially maintained from other sources, all render them, as a class, the most dangerous enemies of the artisan's Standard of Life. The instinctive Trade Union attitude towards women working at a man's trade is exactly the same as that towards men who habitually "work under price," except that it is reinforced in the case of women by certain social and moral prejudices which, in our day, and among certain reformers, are beginning to be considered obsolete. But under the pressure of the growing feeling in favor of the "equality of the sexes" the Trade Unions have, as we shall see, changed front. They began with a simple prohibition of women as women. From this point we shall trace the development of a new policy, based, like that relating to new processes, not on exclusion, but on the

<sup>1</sup> As regards many trades, there is much force in this objection. Where men and women work independently of each other, in full publicity, and in comparatively decent surroundings, as is the case with the male and female weavers in a Lancashire cotton mill, there is little danger of sexual immorality. But where a woman or girl works in conjunction with a man, especially if she is removed from constant association with other female workers, experience both in the factory and the mine shows that there is a very real danger to morality. This is increased if the work has to be done in unusual heat or exceptional dress. But the most perilous of relations is that in which the girl or woman stands in a position of subordination to the man by whose side she is working. No one acquainted with the relation between cotton-spinner and piecer can doubt the wisdom, from the point of view of public morality, of the imperative refusal of the Amalgamated Association of Operative Cotton-spinners to allow its members to employ female piecers. Even in the weaving sheds, where the relations between the weavers themselves are satisfactory, the subordination of the women weavers to the male overlooker leads to frequent scandals. The statutory exclusion of women from working in underground mines is, we believe, universally approved.

maintenance of a definite Standard Rate for each grade of labor.

The eighteenth-century trade clubs of hatters, basket-makers, brushmakers, or compositors would have instantly struck against any attempt to put a woman to do any part of their craft.<sup>1</sup> It is interesting that the only case in which we can discover this categorical prohibition still actually existing in a current book of rules of to-day is that of the archaic society of the Pearl Button Makers, whom we have already noticed as extreme in their limitation of apprentices and unique in their peremptory prohibition of machinery. "No female allowed," laconically observes their regulation, "in the capacity of either piecemaker, turner, or bottomer. Any member working where a female does either [process] shall forfeit one pound, and should he continue to do so shall be excluded."<sup>2</sup> In some other small indoor handicrafts, where the work requires no great strength or endurance, employers have, here and there, fitfully sought to teach women the trade. The men, whether organised or not, have done their best to exclude these new competitors, and the employers have not found the experiment sufficiently successful to induce them to continue it.<sup>3</sup>

Wherever any considerable number of employers have resolutely sought to bring women into any trade within their

<sup>1</sup> It will be needless to recall to the reader similar prohibitions by the masters' guilds. Thus the Articles of the London Girdlers (1344) provided "that no one of the said trade shall set any woman to work, other than his wedded wife or his daughter." The "Braellers" (brace-makers) and Leather-sellers of London and the Fullers of Lincoln had the same rule.—Riley's *Memorials*, pp. 217, 278, 547; Toulmin Smith's *English Gilds*, p. 180.

<sup>2</sup> *Rules and Regulations to be observed by the Members of the Operative Pearl Button and Stud Workers' Protection Society* (Birmingham, 1887), p. 12.

<sup>3</sup> It has sometimes happened that the women, though acquiring a certain amount of skill in most of the process, have failed in some essential part. Thus when an employer brought his own daughters into the trade of silver-engraving, they were never able, with all his tuition, to pick up the knack of "pointing" their "gravers." The experiment has not been repeated. An attempt was made, some years ago, to teach women to be "twisters and drawers" in a Lancashire cotton mill. The innovation did not, however spread, as the women could never do the "beaming," and it has been abandoned. In this case, by exception, the incident has left its trace in the Trade Union rules. The very exclusive society of "Beamers, Twisters, and Drawers" now provides "That all *male*



capacity, the Trade Unions have utterly failed to prevent them. The most interesting case is that of the compositors.<sup>1</sup> About 1848 the great printing firm of M'Corquodale introduced women apprentices into its letterpress-printing works at Newton-le-Willows in Lancashire, and this example has since been followed by other employers in various towns. There can be no doubt that the male compositors, whether Trade Unionists or not, have been, from first to last, extremely hostile to this innovation, and that they have done their best to prevent it. Down to 1886 all the compositors' Trade Unions expressed, either in their rules or in their practice, this uncompromising policy of exclusion. This policy was justified by the men on the ground that the women worked far below the Standard Rate, and that "unfair" employers made use of them to break down the men's position. In Edinburgh, for instance, the compositors' great strike of 1872-73 was defeated, and the union reduced to impotence by the importation of "female blacklegs," who, as the Board of Trade declares, have "completely revolutionised the trade in that city."<sup>2</sup> In London, where there are probably two hundred women compositors, these set up "1000 ens" of copy for 5½d. to 6d., as compared with a Standard Rate which works out at about 8½d., for work of identical quantity and quality.

The compositors' policy of rigid exclusion from membership failed to keep the women out of their trade. Whenever an employer thought it worth his while to engage women compositors, he ignored the union altogether, and set up a distinct establishment. More than one great London firm has, for instance, a "fair house" in the Metropolis, where persons wishing to learn the trade of Twisting and Drawing, shall first obtain a shop to work at when he has learned, and procure a certificate from the manager to show that he has engaged him. No youth under sixteen years of age shall be allowed to learn the trade of Twisting and Drawing, and not then, unless there be a vacancy in the mill where he is introduced, and no member out of work on the books."—*Rules of the Blackburn District of the Amalgamated Beamers, Twisters, and Drawers' Association* (Blackburn, 1891), p. 12.

<sup>1</sup> See "Women Compositors," by Amy Linnett, in *Economic Review*, January 1892.

<sup>2</sup> Board of Trade *Third Report on Trade Unions*, C. 5808, 1889, p. 125.

none but Trade Unionists are employed, and another establishment in one of the small towns of the Home Counties, where no Trade Unionist works, and where the employment of women is absolutely unrestricted. Smaller firms employing women take girl apprentices, and rely almost exclusively on female labor.

The futility of the policy of exclusion, combined with the growth of a Socialistic disapproval of trade monopoly, induced the largest compositors' society to alter its tactics. In 1886 we find the able general secretary of the London Society of Compositors (Mr. C. J. Drummond)<sup>1</sup> carrying, at an important conference of all the compositors' Trade Unions, a resolution "that, while strongly of opinion that women are not physically capable of performing the duties of a compositor, this conference recommends their admission to membership of the various Typographical Unions upon the same conditions as journeymen, provided always the females are paid strictly in accordance with scale."<sup>2</sup> This resolution has been acted upon by the London Society of Compositors, the most important of the unions represented, which is now open to women on exactly the same terms as to men.<sup>3</sup>

What the London Society of Compositors has only lately discovered, the Lancashire weavers have, for two generations, unconsciously acted upon. Here there has never been any sex distinction. The various organisations of weavers have, from the introduction of the power-loom, always included women as members on the same terms as men. The piecework list of prices, to which all workers

<sup>1</sup> Now on the staff of the Labor Department of the Board of Trade.

<sup>2</sup> *Report of Proceedings of the Meeting of Delegates from the Typographical Societies of the United Kingdom and the Continent* (London, 1886), pp. 23-25.

<sup>3</sup> It is interesting to trace this change of attitude among the London compositors, partly to a dim and imperfect appreciation of the foregoing argument, and partly also to the growth of Socialist ideas, and the conception of equality of rights; see the *History of Trade Unionism*, pp. 384, 394. We believe that during ten years only one woman compositor has ever claimed admission to the London Society of Compositors. On it being proved that, employed at Mr. William Morris's Kelmscott Press, she was paid at the Standard Rate, she was promptly enrolled as a member (*Printing News*, October 1892).

must conform, applies to men and women alike. But it is interesting to observe that the maintenance of a Standard Rate has resulted in a real, though unobtrusive, segregation. There is no attempt to discriminate between women's work and men's work as such. The uniform scale of piecework prices includes an almost infinite variety of articles from the plain calico woven on narrow looms to the broad and heavy figured counterpanes which tax the strength of the strongest man. In every mill we see both men and women at work, often at identical tasks. But, taking the cotton-weaving trade as a whole, the great majority of the women will be found engaged on the comparatively light work paid for at the lower rates. On the other hand, a majority of the men will be found practically monopolising the heavy trade, priced at higher rates per yard, and resulting in larger weekly earnings. But there is no sex competition. A woman of exceptional strength, who is capable of doing the heavy work, cannot take advantage of her lower Standard of Life, to offer her services at a lower rate than has been fixed for the men. She is not, as a woman, excluded from what is generally the men's work, but she must win her way by capacity, not by underbidding. On the other hand, though the rates fixed for the lighter work have been forced up to a point that is high relatively to the women's Standard of Life, the wages that can be earned at this grade are too low to tempt any but the weaker men to apply for such looms. In short, the enforcement of a definite Standard Rate, practically unalterable in individual cases, serves, in itself, to prevent sex competition. The candidates for employment tend to segregate into virtually non-competing groups according to their grades of strength and skill.<sup>1</sup>

<sup>1</sup> This principle of a classification of work, and strict segregation of the sexes, is now to be found in various other trades. Thus, the very old-fashioned society of goldbeaters sought, down to recent years, absolutely to exclude women. *The Rules of the Goldbeaters' Trade Society* (London, 1875) provided "That no member be allowed to work for a master who employs females on the premises or elsewhere under the penalty of immediate erasure." But this absolute exclusion is now given up in favor of a strict separation between the men's and women's tasks. The later *Rules of the Goldbeaters' Trade Society* (London, 1887) expressly

Precisely the same result has occurred in the hosiery trade, where men and women have for many years belonged to the same organisations and worked side by side. Here the machinery is undergoing a constant evolution, one stage of which affords an interesting example of the relation of men and women workers. At the beginning of 1888 the men working on "circular rib frames" found themselves being ousted by the women working at lower rates. They accordingly demanded, in March 1888, that a uniform rate of 3d. per dozen should be paid to men and women alike. The women protested, saying that if they were to charge the men's price they would be all dismissed. A compromise was agreed to, which allowed the women to work at a farthing per dozen less than the men. This led in May to "the dismissal of the (male) circular rib frame hands from H.'s firm for women to work. The farthing difference as agreed to by the workpeople themselves under the pressure of circumstances created the evil." . . . "It seems to us," continues the Secretary of the Union, "that the simplest and best way of meeting the difficulty will be to agree what frames shall be a man's and what a woman's job." From the June report we see that this suggestion of the Executive Council was adopted by both male and female workers, it being decided that the women should work the "old" machines and the men the "new" ones! This ingenuous proposal was accepted by the women until they found that the "old" machines were, of necessity, being steadily replaced by new ones. Ultimately an agreement was arrived at that the men should work the large, or "eight-head" frames, and the women the small, or "six-head" frames. This segregation of the sexes was secured, not by the exclusion of one sex or the other from either machine, but an ingenious

allow that a member "may work at any shop where females are employed, provided he does not assist them or be assisted by them in any part of the work." And the brushmakers, who once strove against women working at all, now seek merely to keep them to their own class of work. "Any member boring pan or machine work for women shall be expelled."—*General Trade Rules of the United Society of Brushmakers* (London, 1891), p. 24.



adjustment of the Standard Rate. The women retained their privilege of working at a farthing per dozen less than the men, a concession which gave them a virtual monopoly of their own machine. On the other hand, it was agreed between the union and the employers that, as between the "six-head" frame and the "eight-head" frame, an extra allowance of a farthing per dozen should be paid to compensate for the lesser output of the smaller machine. This prevented the smaller (or women's) machine from encroaching on the work for which the larger (or men's) machine was best fitted. The result has been that, whilst their weekly earnings may differ widely, the women actually obtain the same rate per dozen on their own machine as the men do on theirs, whilst complete segregation of the sexes is secured, and all competition between men and women as such is practically prevented.<sup>1</sup>

The experience of the Lancashire Cotton-weavers and the Leicestershire Hosiers affords, we think, a useful hint to the London Society of Compositors. To complete its policy with regard to women's labor, the latter should not merely admit to membership those women who prove their capacity to do a man's work, but should also take steps to organise the weaker or less efficient female compositors whom this condition excludes. As in the case of alternative processes, the welfare of each party is bound up with the maintenance of the other's Standard Rate. It is easy to see that the women compositors, as a class, stand to lose if the men's employers were to regain the trade from the firms employing women by reducing the men's wages. On the other hand, the men suffer if, owing to the defenceless state of the women and their partial maintenance from other sources, employers are able to obtain their labor at wages positively below what would suffice to keep it in constant efficiency, if the women depended permanently on their wages alone. To prevent any such "bounty" being indirectly paid by other

<sup>1</sup> Amalgamated Hosiery Union, *Monthly Reports* for 1888; and personal information in 1893 and 1896.

classes of the community to the employer of female labor, it is necessary that the women should be in a position to maintain a Standard Rate for their own work, even though this may have to be fixed lower than that of the men. Now, Trade Union experience shows that the first condition of the contemporary maintenance of two different Standard Rates, in different grades of the same industry, is that there should be a clear and sharp distinction between them. In the case of the Cotton-weavers this is secured by the different kinds of work, to each of which a definite scale of prices is assigned. The Hosiery Workers accomplish the same result by a differentiation of machine. In the case of the Compositors, though there are many kinds of work for which women have never been found suitable, it is impossible to make any complete classification of men's work and women's work. The only way of preventing individual underbidding by persons of a lower standard of comfort is to segregate the women in separate establishments or departments, and rigidly to exclude each sex from those in which the other is employed in typesetting.<sup>1</sup> If this segregation, which is desirable for moral as well as for economic reasons, were strictly enforced, it would be highly advantageous for the London Society of Compositors to recognise these women, and to organise them, either as a "woman's branch," or as an affiliated society. The women could then collectively decide for themselves the standard weekly earnings that ought to be demanded by the ordinary woman compositor, and get a "scale" of piecework prices for women's jobs worked out on this basis. The fundamental necessity for the Compositors, from a Trade Union point of view, is, therefore, not the exclusion of women as women, but the rigid insistence that any candidate for admission into their particular branch of the trade should obtain the Standard Rate. If women are incapable of earning the same piece-work rate as men, they are, on this argument, rightly relegated to the easier

<sup>1</sup> This need not exclude the employment of a man in the women's department to do laboring or engineering work.

lines of work in which their lower standard of effort can be fully remunerated.

We may now sum up the present Trade Unionist position. The old prohibition of women competitors, against which the women's advocates have so often protested, was as unnecessary as it was invidious. All that is requisite, from a Trade Union point of view, is that the woman's claim for absolute equality should be unreservedly conceded, and that women should be accepted as members *upon precisely the same terms as men*. Nor can the champion of the "equality of the sexes" logically demand from the Trade Unions any further concession. The women's advocates are, in fact, in a dilemma. If they argue that women, though entitled to equality of treatment, may nevertheless work "under price," in order to oust male Trade Unionists from employment, they negative the whole theory and practice of Trade Unionism. If, on the other hand, they ask that women shall be specially privileged to act as blacklegs, without suffering the consequences, they abandon the contention of an equality of treatment of both sexes. Within the world of manual labor, at any rate, "equality" between the sexes leads either to the exclusion of women from the men's trades, or else to the branding of the whole sex as blacklegs.

There is, however, no necessity to get into this dilemma. It is unfair, and even cruel, to the vast army of women workers, to uphold the fiction of the equality of the sexes in the industrial world. So far as manual labor is concerned, women constitute a distinct class of workers, having different faculties, different needs, and different expectations from those of men. To keep both sexes in the same state of health and efficiency—to put upon each the same degree of strain—implies often a differentiation of task, and always a differentiation of effort and subsistence.<sup>1</sup> The Common

<sup>1</sup> Professor Edgeworth puts an interesting problem (*Mathematical Psychics*, p. 95). "When Fanny Kemble visited her husband's slave plantations, she found that the same (equal) tasks were imposed on the men and the women, the

Rules with regard to wages, hours, and other conditions, by which the men maintain their own Standard of Life, are usually unsuited to the women. The problem for the Trade Unionist is, whilst according to women the utmost possible freedom to earn an independent livelihood, to devise such arrangements as shall prevent that freedom being made use of by the employers to undermine the Standard of Life of the whole wage-earning class. The experience of the Lancashire Cotton-weavers and the Leicestershire Hosiers points, we think, to a solution being found in the frank recognition of a classification of work. The essential point is that there should be no under-bidding of individuals of one sex by individuals of the other. So long as the competition of men is virtually confined to the men's jobs, and the competition of women to the women's jobs, the fact that the women sell their labor at a low price does not endanger the men's Standard Rate, and the fact that men are legally permitted to work all night does not diminish the women's chance of employment. In the vast majority of trades, as we have seen, this industrial segregation of the sexes comes automatically into existence, and needs no express regulation. In the very small number of cases in which men and women compete directly with each other for employment, on precisely the same operation, in one and the same process, there can, we believe, be no effective Trade Unionism until definite Standard Rates are settled for men's work and women's work respectively.

This does not mean that either men or women need to be explicitly excluded from any occupation in virtue of their sex. All that is required is that the workers at each operation should establish and enforce definite Common Rules, binding on all who work at their operation, whether they be men or women. The occupations which demanded the women accordingly, in consequence of their weakness, suffering much more fatigue. Supposing the [employer] to insist on a certain quantity of work being done, and to leave the distribution of the burden to the philanthropist, what would be the most beneficent arrangement—that the men should have the *same fatigue*, or not only *more task*, but *more fatigue*?"



strength, skill, and endurance of a trained man would, as at present, be carried on with a relatively high Standard Rate. On the other hand, the operatives in those processes which were within the capacity of the average woman would aim at such Common Rules as to wages, hours, and other conditions of labor, as corresponded to their position, efforts, and needs. The experience of the Lancashire Cotton-weavers indicates that such a differentiation of earnings is not necessarily incompatible with the thorough maintenance of a Standard Rate, and also that it results in an almost complete industrial segregation of the sexes. Women are not engaged at the men's jobs, because the employers, having to pay them at the same high rate as the men, find the men's labor more profitable. On the other hand, the ordinary man does not offer himself for the woman's job, as it is paid for at a rate below that which he can earn elsewhere, and upon which, indeed, he could not permanently maintain himself. But there need be no rigid exclusion of exceptional individuals. If a woman proves herself capable of working as well and as profitably to the employer as a man, and is engaged at the man's Standard Rate, there is no Trade Union objection to her being admitted to membership, as in the London Society of Compositors, on the same terms as a man. If, on the other hand, a man is so weak that he can do nothing but the light work of the women, these may well admit him, as do the Lancashire Weavers, at what is virtually the women's rate. The key to this as to so many other positions is, in fact, a thorough application of the principle of the Standard Rate.

## CHAPTER XI

### THE RIGHT TO A TRADE

AN "overlap" between two trades, leading to a dispute as to which section of workmen has a "right" to the job, may occur in more than one way. A new process may be invented which lies outside the former work of any one trade, but is nearly akin to two or more of them. In such a case, each trade will vehemently claim that the new process "belongs" to its own members, either because the same material is manipulated, the same tools are used, or the same object is effected. But even without a new invention the same conflict of rights may arise. The lines of division between allied trades have hitherto often differed from town to town, and the migration of employers or workmen, or even the mere imitation of the custom of one town by the establishments of another, will lead to serious friction. A new firm may introduce fresh ways of dividing its work, or an old establishment may undertake a new branch of trade. There may even be an unprovoked and naked aggression, by a strongly organised class of workmen, upon the jobs hitherto undertaken by a humbler section. In any or all of these ways, the employers may find their desire to allot their work to particular classes of workmen sharply checked by conflicting claims of "right to the trade."

It is in the great modern industry of iron-shipbuilding that we find the most numerous and complicated disputes about "overlap" and "demarcation." The gradual trans-

formation of the passenger ship from the simple Deal lugger into an elaborate floating hotel has obscured all the old lines of division between trades. Sanitary work, for instance, has always been the special domain of the plumber, and when the sanitary appliances of ships became as elaborate as those of houses, the plumber naturally followed his work. But, from the very beginning of steam navigation, all iron piping on board a steamship, whatever its purpose, had been fitted by the engineer. Hence the plumbers and fitters both complained that "the bread was being taken out of their mouths" by their rivals. We need not recite the numberless other points at which the craftsmen working on a modern warship or Atlantic liner find each new improvement bringing different trades into sharp conflict. The Engineers have, on different occasions, quarrelled on this score with the Boiler-makers, the Shipwrights, the Joiners, the Brassworkers, the Plumbers, and the Tinsplate Workers; the Boiler-makers have had their own differences with the Shipwrights, the Smiths, and the Chippers and Drillers; the Shipwrights have fought with the Caulkers, the Boat and Barge Builders, the Mast and Blockmakers, and the Joiners; the Joiners themselves have other quarrels with the Mill-sawyers, the Patternmakers, the Cabinetmakers, the Upholsterers, and the French Polishers; whilst minor trades, such as the Hammermen, the Ship Painters, and the "Red Leaders," are at war all round. Hence an employer, bound to complete a job by a given date, may find one morning his whole establishment in confusion, and the most important sections of his workmen "on strike," not because they object to any of the conditions of employment, but because they fancy that one trade has "encroached" on the work of another. The supposed encroachment may consist of the most trivial detail. The shipwrights admit that the joiners may case (or line with wood) all telegraph connections throughout the ship, except only when these happen to go through cargo spaces, coal bunkers, and the hold. When a joiner passes this magic line even in a job of a few hours,

the whole of the shipwrights will drop their tools. On the other hand, when the joiners' blood is up, they will all go on strike rather than see the shipwrights do even a few feet of what they regard as essentially their own work. Under these circumstances a task which one man could do in an hour may stop a whole shipyard. On one occasion, indeed, a great shipbuilder on the Tyne, finding his whole establishment laid idle by such a quarrel, and utterly unable to bring the men to reason, finally took off his coat and did the disputed work with his own hands.<sup>1</sup>

These trivial disputes sometimes blaze up into industrial wars of the first magnitude. The leading case which took place on the Tyne a few years ago is thus described by a great shipbuilder. "For some time before 1890 the division of work between joiners and shipwrights had led to unpleasant relations between them, and to interference with the progress of work. . . . The disputes became so frequent and angry when the large amount of Government work came to the Tyne, that the employers urged the delegates of the two

<sup>1</sup> Demarcation disputes, though frequent and serious in certain industries, are entirely absent from some, and only rarely occur in others. They are, for instance, practically unknown in the textile trades and the extractive industries, which together make up a half of the Trade Union world. It is especially in the group of trades connected with the building and equipping of ships that they are troublesome. They also occur, though to a lesser extent, throughout the engineering and building trades. Roughly speaking, we may say that they are characteristic of about one quarter of the whole Trade Union membership. We know of no systematic description or analysis of this controversy. The student can only be referred to the materials relating to the particular cases elsewhere cited, especially the minutes of proceedings of the various joint committees, and to the evidence given before the Royal Commission on Labor, 45th day. (See Digest for Group A, vol. iii. C. 6894, x. pp. 48-54.) In earlier ages, when the right to a continuance of the accustomed livelihood was recognised by law and public opinion, disputes arising from the encroachments of one craft on the work of another were habitually settled by what was, in effect, a judicial decree, exactly as if the point at issue had been the boundary between two landed estates. Thus the apportionment of work between the carpenters and the joiners was a fruitful cause of dispute. A Committee of the Common Council of the City of London made an elaborate award in 1632, defining in detail the particular kinds of work to be done by the Companies of Carpenters and Joiners respectively, "deal coffins" being assigned, as a knotty question, to both in common.—*The History of the Carpenters' Company*, by Jupp (London, 1848). A similar dispute between the carpenters and joiners of Newcastle-on-Tyne, who, down to 1589, were combined in a single guild, was



societies to refer their differences to an independent and capable arbitrator, promising that they would, as employers, accept any award that he made. . . . Mr. Thomas Burt, M.P., was proposed by the joiners and accepted by the shipwrights. A very long, patient, and exhaustive inquiry was made into the practices in the Tyne and other places, past and present; evidence was taken from old hands, delegates, and all who could throw light upon the history of the division of work. . . . After an investigation extending over five and a half months, Mr. Burt issued his award, allotting, out of 168 items in question, 96 to the joiners and 72 to the shipwrights. The joiners . . . disputed the fairness of the findings of the arbitrator they had themselves proposed, and left their employment for fourteen weeks. . . . Many vigorous attempts were made by the employers to induce the joiners to work to the award without success. . . . Ultimately . . . the joiners were called upon by the united trades in the Tyne to submit their contentions absolutely to a Committee or Court com-

settled by an award of similar character, "chists for corpses" being, curiously enough, equally made common to the two trades (Beach's Newcastle Companies, pp. 31-33). And, to turn to quite other industries, we find the tanners and whit-tawyers disputing as to the limits of their crafts, "the assize of a white tawyer" being, as Stow declared, "that he make nor tawe no Ledder but Shepe's Ledder, Gotes Ledder, Horses' Ledder, and Hindes Ledder" (Jupp, p. 337), leaving to the tanner the dressing of ox skins, which required the use of bark. The disputes between the London Cordwainers and the "cobelers from beyond sea" raged in 1395 so fiercely that the king "commanded John Fresshe, Mayor of the said city, that the said Cobelers should gain their living as they had done from of old . . . and that it might be declared what of right should belong to the one party and the other." Whereupon, after solemn inquiry, it was ordained, among other things, "that no person who meddles with old shoes shall meddle with new shoes to sell." [Indenture of Agreement between the Cordwainers and the Cobblers, 14th August 1395; *Memorials of London and London Life*, by H. T. Riley (London, 1868), pp. 539-541.] This, however, did not bring peace, and in 1409 "our most dread lord the King sent his gracious letters under his Privy Seal unto Drew Barantyn," the then Mayor, which led to renewed inquiry, and a more detailed apportionment of work, assigning to the cobblers the clouting of "old boots and old shoes with new leather upon the old soles, before or behind," but "that if it shall happen that any person desires to have his old boots or bootlets resoled, or vamped and soled, or his galoches or shoes resoled, the same, if it can be done, shall pertain at all times to the said workers called Cordwainers to do it." [Inquisition made for the Regulation of the Cordwainers and the Cobblers, 15th June 1409, *Ibid.* pp. 571-574.] A detailed study of the demarcation disputes of former ages would probably be of considerable interest.

posed of one representative from six or seven different trade societies. . . . This Court, at their first meeting, ordered the joiners to resume work on Mr. Burt's award. . . . In January 1891, the plumbers and fitters agreed to appoint representatives to discuss and settle the demarcation of their respective trades . . . owing to the friction that was growing between the two. . . . Conferences between the parties took place: witnesses were examined for the fitters and for the plumbers; the practice for several years back was carefully investigated; an agreement was eventually signed by the parties, but . . . it led to disputes . . . the moment it was published, and produced a strike as soon as it was attempted to be worked to. . . . Each of the two parties read the provisions in utter disregard of the other's views and interests, and in equal disregard of the interests of the employers, and . . . disputed points . . . kept the two trades apart for nine weeks. . . . An agreement was arrived at, however, on the 18th June 1891, at a conference between employers, fitters, and plumbers. . . . The Committee met seventeen times . . . settled two sections out of a list of twenty-six, the Chairman giving his decision against the objection of the engineers to the three-inch limit on iron-piping. . . . The fitters rose in a body, charged the Chairman with unfairness, and left the Committee altogether. . . . The other two parties . . . issued an award on the 28th October 1891. The employers were appealed to by the plumbers . . . to put the award into force, and did so, with the result that the fitters left their employment . . . and a second strike ensued on the division of the same work as before in April. . . . After a strike of twelve weeks . . . they [were driven to resume] work upon the award of the Joint Committee. . . . The principal difficulty in composing the disputes has arisen from the variety of the practice in different works and districts. . . . Each society proposes to itself to have the largest possible number of its members employed at the same time . . . and to this end tries to secure the whole of the work it considers belongs to its members according to usage and custom. . . .

The employers' interest is remorselessly sacrificed by the disputants."<sup>1</sup>

It will not, we think, be difficult for the reader to picture, even from this bald narrative, the state of disorganisation and chaos into which these recurring disputes threw the great industries of Tyneside between 1890 and 1893. Within the space of thirty-five months, there were no fewer than thirty-five weeks in which one or other of the four most important sections of workmen in the staple industry of the district absolutely refused to work. This meant the stoppage of huge establishments, the compulsory idleness of tens of thousands of other artisans and laborers, the selling-up of households, and the semi-starvation of thousands of families totally unconcerned with the dispute. Nor was the effect confined, as far as the Trade Unionists were concerned, to these sensational but temporary results. The men were, in fact, playing into the hands of those employers who wished to see Trade Unionism destroyed. The internecine warfare on the Tyne has left all unions concerned in a state of local weakness from which they have by no means yet recovered, and under which they will probably suffer for many years. Their loss of members and of money is the least part of the evil. When one society is fighting another, the whole efficacy of Trade Unionism, as a means of improving the conditions of employment, is, for the moment, paralysed. Even if the angry strife between the two sets of workmen does not lead actually to mutual "blacklegging," it effectively

<sup>1</sup> Extracted from an interesting Memorandum by Mr. John Price, of Palmer and Co., Limited, Shipbuilders and Engineers, Jarrow, which was prepared for the Royal Commission on Labor but was not published by that body.

Among the voluminous pamphlet literature on these disputes the most important documents are the several *Reports of Conferences* between the employers and the several engineering unions in Newcastle on 9th March, 22nd March, 22nd April, and 26th April 1892; the set of *Manifestoes published by the United Operative Plumbers' Association* (Liverpool, 1892); the *Report of the Arbitration Proceedings on the question of the apportionment of work to be done by the Shipwrights and the Joiners* (Newcastle, 1890); the publications on the subject by the Shipwrights and the Joiners respectively; and the *Report of the Proceedings of the Board of Conciliation in revising the award of Mr. Thomas Burt, M.P.* (Newcastle, 1890). The *Newcastle Daily Chronicle* from 1890 to 1893 contains frequent references.

destroys their power of resisting any capitalist encroachment. An employer who desires to beat down his men's terms need only send, on some trivial pretext, for the district delegate of the overlapping trade. The mere rumour that the agent of the rival union has been seen to enter his office will probably excite sufficient apprehension to bring his men to instant submission. Thus, whilst these demarcation disputes cause, to the employers, the wage-earners, and the community at large, all the moral irritation and pecuniary loss of an ordinary strike or lock-out, they must, under all circumstances, weaken all the unions concerned in their struggle for better conditions.

We are, therefore, face to face with an apparently incomprehensible problem. If the workmen have all to lose and nothing to gain by fighting over the demarcation between trades, how is it that their responsible leaders do not peremptorily interfere to prevent such quarrels? The explanation is to be found in the character of the workmen's claims. To them the issue is not one of expediency, but of moral right. "We are fighting this battle," declared the United Pattern-makers' Association in 1889, "on the principle that every trade shall have the right to earn its bread without the interference of outsiders; a principle jealously guarded by every skilled trade . . . and one which we are fully determined shall likewise apply to us."<sup>1</sup> "It is our duty," declared the Amalgamated Society of Engineers, "to exercise the same care and watchfulness over that in which we have a vested interest as the physician does who holds a diploma, or the author who is protected by a copyright."<sup>2</sup> "The machine," says their Tyne District Delegate in 1897, "no doubt is part of the employer's invested capital, but so is the journeyman's skilled labor."<sup>3</sup> The Associated Shipwrights' Society expressly stated in 1893, with reference to a new

<sup>1</sup> Circular of United Pattern-makers' Association, 19th December 1889.

<sup>2</sup> Preface to *Rules of the Amalgamated Society of Engineers* (London, 1891), p. 6.

<sup>3</sup> *Amalgamated Society of Engineers' Journal*, March 1897.



dispute on the Clyde, that "while we do not object to any firms dividing their works into departments, or sub-letting portions of the vessels they are building, still we do most respectfully and emphatically contend that no employers should, in suiting their convenience, give away another man's means of living, any more than that no workman would be allowed or justified to go into an employer's office and take his money from his safe and give it to another."<sup>1</sup> "The sacredness of property," writes the Liverpool Delegate of the Engineers in 1897, "is surely applicable to labor, which is as much our property as the lathes are the property of the employer."<sup>2</sup> And if we look through the reports of the unions we have mentioned, or of those in any branch of the building trades, we shall find abundant references, not to the pecuniary advantage of the workmen or the convenience of the employer, but to "our trade rights," or "our universal right and custom," and to a righteous resistance of "encroachment, theft, and confiscation." "Do the Bricklayers aim at extinguishing us altogether?" pathetically remonstrate the Slaters and Tilers. "They roam all over a building from the cellar to the highest point, devouring everything and anything that they choose, no matter what other trade it may belong to—slating, roof-tiling, wall-tiling, floor-tiling, paving, setting stone landings, sills, heads, and steps, plastering, knobbing, whitewashing, etc."<sup>3</sup>

It is, fortunately, unnecessary for us to discuss the workman's initial assumption that it is desirable, in the public

<sup>1</sup> *Minutes of Line of Demarcation Joint-Committee of Shipwrights and Joiners* (Glasgow, 1893), Part II. p. 7, "The Shipwrights' Statement."

<sup>2</sup> *Amalgamated Society of Engineers' Journal*, March 1897.

<sup>3</sup> Correspondence in the *Star*, quoted in *Builder*, 8th April 1893. This sense of wrong is aggravated by an exaggerated consciousness of the pecuniary drain on the union funds involved in the payment of out-of-work benefit to the displaced members. At a branch meeting attended by one of the authors, when a demarcation dispute was under discussion, the fact that the work wrongfully engrossed by the rival trade would have sufficed to take three unemployed members off the books, and so save this great amalgamated union thirty-six shillings a week, was repeatedly adduced as a reason for aggressive action. The aggressive action subsequently cost that same union, at the lowest computation, many thousands of pounds.

interest, for him to be assured of a reasonable continuity of livelihood.<sup>1</sup> Nor need we here determine whether, if it were possible to secure this end by fencing off each craft from encroachment, the social advantage of this assurance of livelihood would or would not outweigh the drawbacks of the expedient. It so happens that in the advanced industrial communities of our time, the circumstances are so complex, and so perpetually changing, that it passes the wit of man to define the "right to a trade" in any way that will not produce the most palpable absurdities.

The first attempt is always to base the right on custom. It is natural enough that the workmen in any one town should expect and desire that the prevailing habits of work should be adhered to. But irrespective of the fact that the "custom of the trade" is found to vary from town to town, and even from establishment to establishment, it is obvious that this affords, of itself, no rule when, as is almost invariably the case, the point at issue is some novel process or some hitherto unfamiliar product. Each party then interprets the custom in a different way. It may at first sight seem to be convenient to take, as a guide, the object or purpose of the product. The shipwrights, in fact, will sometimes claim as their right all that concerns the construction and fitting of ships. But a modern ship now includes everything that is found in a luxurious hotel; and a shipwright, on this interpretation, would not only have to work in steel as well as in wood, but would also have to be an accomplished engineer, boilermaker, brassfinisher, plumber, joiner, cabinetmaker, French polisher, upholsterer, painter, decorator, and electric light and bell fitter. And if, in search of some dividing line between these manifestly different crafts, we turn to the tools required, we come to no less incongruous results. Fifty years ago it would have been admitted without question that it was for the shipwright to use the adze and the mallet, and for the joiner to employ the hammer and the plane. But the deck of a modern passenger steamer cannot be completed

<sup>1</sup> We recur to this point in our chapter on "Trade Union Assumptions."

without using all these tools, together with others borrowed from the cabinetmaker and glazier, and machines altogether unheard of in former times. If each craft is to be confined to the tools which have characterised it from time immemorial, the ship would be crowded with workmen each waiting for the moment to perform his little bit of the common task; all responsibility for the watertight character of the deck would be lost, and there would still be altercations as to who should use the newly-invented machines. Nor does the material used afford us any dividing line. If this were accepted, the advance of sanitation, with the disuse of leaden pipes, would involve the ousting of the whole body of certificated plumbers, in favor of engineers and bricklayers destitute of sanitary knowledge. Moreover, in the crucial instances of demarcation trouble, the material concerned is common to both parties. Shipwrights, joiners, and cabinet-makers all work in wood; and shipwrights, boilermakers, engineers, tinplate workers, and plumbers all handle iron. If the substance fails to afford a dividing line, the disputants will often fall back on its thickness. The central point in dispute on the Tyne for two years may, in fact, be said to have resolved itself into whether the limit of size of the iron pipes to be fitted by the engineers and the plumbers respectively, should be  $2\frac{1}{2}$  or 3 inches, and whether the joiners should or should not be confined to wood-work of  $1\frac{1}{2}$  inch thickness.<sup>1</sup> The demarcation disputes between the boilermakers on the one hand, and the Chippers and Drillers

<sup>1</sup> "Mr. Ramsey (Shipwrights).—The question of the thickness of material is again introduced. I ask is it fair that the joiner trade should have all the say as to thickness of wood? Is it not a fact that both trades manipulate all thicknesses of wood in their jobs? We lay and fix any kind of feathered and grooved ceiling in cargo spaces in the hold of a vessel. . . . We have objected all along to this Joint Committee dealing with this question of thickness of wood because we consider the principle is not sound. . . .

"Mr. Roger (Joiners).— . . . Have we not the same liberty as a trade to introduce a thickness as the other side has to object to it? . . . We hold we are not exorbitant in our claim for lining  $1\frac{1}{2}$  inches and under. It stands to reason that joiners are the more competent men to do that class of work. I would like to ask the other side where, in the ancient shipbuilding from Noah up to fifty years since, they used nails for fastening. . . . We claim all lining from  $1\frac{1}{2}$  inches

on the other, turn chiefly on the size of the holes which each trade may cut in the iron plates.<sup>1</sup> The doctrine of the right to the trade thus leads us to the absurd result that a particular task has to be allotted to one trade or another, not according to its acquaintance with the purpose to be served, or to its familiarity with the tools or material used, but according to the exact thickness of the pipe or board, or the precise diameter of the hole in the iron plates, which the fad, fashion, or science of the hour may prescribe. The necessity of discovering some line which can be precisely defined and accurately measured, leads, in fact, to a purely arbitrary distribution of work, which has the added demerit of the greatest possible instability.

For all this turmoil the employers have an easy remedy. "The proper cure," declared the representative of the Belfast shipbuilders, "is to revert to the old state of affairs, where the employer selected the men most suited to do the work"; or, as the representative of the Tyneside shipbuilders put it, "to uphold the right of an employer to employ whatever workmen he believes will best serve the purposes of his trade or business without any regard to trade societies." And the Scottish shipbuilders declared through their representative, that "whether a plumber may join a 2-inch pipe, but not one of  $2\frac{1}{4}$  inches, whether a joiner may dub a plank or a shipwright may plane a rail, must appear to a disinterested person extremely trivial;" and they proposed summarily to "get rid altogether of this fertile cause of quarrel by abolishing all arbitrary boundaries

and under, simply because it is material we are in the habit of working, and because it is fastened to the grounds. . . .

"Mr. Wilkie (Shipwrights).— . . . In past years when there was no machinery [the joiners] might have made this claim, but that has all disappeared with the introduction of machinery. . . . The joiners lay claim to this work because the vessels carry passengers one way. I hold our claim is far more legitimate, seeing they carry cargo the other way. . . . Clearly, if it is to be fitted up for cargo it is shipwrights' work pure and simple."—*Minutes of Line of Demarcation Joint-Committee of Shipwrights and Joiners* (Glasgow, 1893).

<sup>1</sup> *Report of Proceedings of the Sixth Annual Meeting of the Federation of Engineering and Shipbuilding Trades* (Manchester, 1896).



between different handicrafts, and leaving it to the master . . . to settle . . . how work is to be distributed. . . .”

To the reader of the foregoing chapters, the Trade Union objection to any such abolition of the boundaries between craft and craft will at once be clear. If there is to be concerted action among the workmen—if, for instance, there is to be any representative machinery for Collective Bargaining,—it is absolutely necessary that the membership of each Trade Union should be precisely defined, so that each workman may know by what collective agreements he is bound.<sup>1</sup> It is, in fact, a condition of any organisation by trades that the lines between the trades, though not necessarily unalterable, should not be wantonly infringed at the mere caprice of a single employer.

But there is a further objection. If an individual employer were free, without encountering any resistance from the Trade Union concerned, to dispense with the services of men to whom he was paying the agreed Standard Rate, and to hand their work over bit by bit to some other sections of workmen, whom he could induce—perhaps actually through their own Trade Union—to work at a lower price, all hope of maintaining a Standard Rate for the more highly skilled unions would be at an end. Unless a Trade Union is to give up its whole case, it is bound, at all hazards, to maintain the principle that the Standard Rate, agreed to by the associated employers, shall be paid, in all establishments, for all the kinds of work to which it was mutually intended to apply.

A solution has therefore to be found which, whilst protecting the employer against the intolerable annoyance of unprovoked stoppages, the worry caused by any friction between trades, and the loss occasioned by “overlap” of work,<sup>2</sup> shall guarantee the Trade Unionists against encroach-

<sup>1</sup> This would obviously be even more necessary than at present if the Duke of Devonshire's proposal to make these collective agreements legally enforceable were adopted; see the chapter on “The Method of Collective Bargaining.”

<sup>2</sup> “A further and most material point in the estimation of the employer, and largely affecting his interest in cheapening and expediting the work, lies in the

ments on their Standard Rate, and prevent any undermining of their organisation. The experience of the last few years points, we think, to the need, if they are to cope with the difficulty, for the development of new structure in the Trade Union world, and for the adoption of a new principle.

When a demarcation dispute now occurs between two well-organised trades, the first attempt of their more reasonable representatives is to come to a mutual agreement as to how the work should be divided between them. Thus the numerous differences between the Boilermakers and the Engineers at Cardiff were amicably settled in 1891 by a formal treaty between the local branches.<sup>1</sup> But such negotiations will, like other Collective Bargaining, occasionally end in a deadlock. Here we have a case for which arbitration would seem to be specially fitted. There is, it is true, no dominant assumption shared by both sides on which the award can be based. But all the trades concerned accept, in principle, the same inconsistent array of different assumptions, and the decision cannot, as we have seen, be other than an arbitrary one. The main requirement, therefore, is that the arbitrator should not be suspected of being influenced by any other assumption than those admitted by

necessity there is that no one trade should, what is called, 'overlap' another. Which means that when one trade takes up a job on which others are to be subsequently engaged before it is completed, the work shall be so divided to each, that each in due rotation shall complete his share before the next commences upon his share, and that when the last has finished his portion the job shall be finished too. This is necessary to secure economy, quickness, and to fix responsibility in the performance of the job."

<sup>1</sup> This treaty is embodied in the "Ports of Cardiff, Penarth, and Barry By-laws" signed by five representatives of the United Society of Boilermakers, five of the Amalgamated Society of Engineers, one of the Steam-Engine Makers' Society, and one of another smaller body of engineers. The preamble is as follows: "For the purpose of more clearly defining and setting forth particular questions in dispute, and in consequence of certain misunderstandings arising between members of the Boilermakers' Society and those of the above-named engineers, respecting their respective claims to particular jobs in connection with the art of boilermaking and iron shipbuilding, we hereby agree that the undermentioned jobs may be worked at in the above ports by the respective parties without let or hindrance." The by-laws consist of five printed pages of technical details, providing for the assignment of certain specified work to the boilermakers and the engineers respectively.

the parties. This points to the establishment of a tribunal by the Trade Unions themselves.

We see such a tribunal arising in the Federation of the Engineering and Shipbuilding Trades, to which we have more than once alluded. During the last seven years innumerable cases of "overlap" and "encroachment" have been quietly disposed of by this tribunal, to the general satisfaction of all concerned. The transformation of the Executive Council of this Federation, formed of the chief salaried officials of fourteen unions, into a supreme court of arbitration in demarcation disputes takes place in the simplest manner.<sup>1</sup> If the Boilermakers of any port make a complaint that the Smiths are encroaching on their trade, neither party is allowed to cause any stoppage of work, and the Federal Executive is summoned to meet at a convenient centre. The officials of the two trades concerned bring up their witnesses and act as advocates. If the council is not satisfied that all the facts have been brought out, two members—say the general secretaries of the Steam Engine Makers' and Shipwrights' societies—are deputed to investigate the dispute on the spot, to consult with the employer, and to

<sup>1</sup> The present rule is as follows :—

*Dispute between Societies.*—If any dispute takes place between any of the societies forming this Federation, unless amicably settled, such dispute shall be referred to a Court of Arbitration selected by the parties affected by the dispute. When a Court is required the parties shall, if possible, mutually agree upon three disinterested referees; failing this, each party to the dispute shall appoint one or two Arbitrators, who must be Trade Unionists; the two or four Arbitrators to appoint an Umpire, and, in the event of the Arbitrators failing to agree, his decision shall be final and binding. The Umpire shall not be selected from any trade which may come into conflict with either of the parties to the difference. If a Court of Arbitration is not appointed within one month of an application being made for a reference to arbitration, the Executive shall have power to step in and appoint either Arbitrators or Umpire, as the case might be. The Court, when formed, to decide as to place of meeting, method of procedure, etc.; each party to pay half of the expenses, unless otherwise ordered by the Court. That when a Court of Arbitration is required by any society in the Federation the Executive of said society shall notify the Secretary of the Federation, who shall then write to the other party affected to appoint an Arbitrator or Arbitrators as the Federation rules prescribe.—*Report of Proceedings of the Fifth Annual Meeting of Federation of Engineering and Shipbuilding Trades* (Manchester, 1895).

report to a future meeting, when a decision is come to. The ten or twelve experienced Trade Union officials, who thus adjust the differences between trade and trade, form an almost ideal body for this purpose. They are free not only from personal but also from class bias. Whether  $2\frac{1}{2}$  inch iron piping shall be fixed by an engineer or a plumber is of no consequence to the pattern-maker or the shipwright. Whether cabin lockers are to be prepared by the cabinet-maker and fixed by the joiner, or whether either trade should begin and finish the whole job, is a matter of indifference to the plater or the ironmoulder. Neither directly nor indirectly have the adjudicators any other interest than that of preventing all stoppage of work by effecting a permanent settlement. In this task they are aided by the fact that they start with the same stock of unconscious assumptions as both the trades concerned. Such arguments as "priority, position, and purpose," which appear to the aggrieved capitalist as fantastic and irrelevant as the lawyer's doctrine of "common employment" does to the injured workman, receive that serious attention which their iteration on both sides demands. The adjudicators are steeped in the technical details of the workshop, from processes and material to the evasions of the employers and the tricks of the workmen. They possess, in fact, to the full, the highest possible qualification of a judicial authority, the unbounded confidence of the disputants, not only in their knowledge and sympathy, but also in their absolute impartiality as regards the issues in dispute. Finally, it is no small advantage that, although their award has no legal validity, it carries with it a certain latent coercive authority. It would be difficult, if not impossible, for any constituent body of the Federation deliberately to disregard an award to which it had consented, without incurring the serious penalty of finding its members practically excluded from employment by a general boycott of the other workmen.<sup>1</sup>

<sup>1</sup> We may here remind the reader how, in our chapter on "Interunion Relations," we pointed out that a federation of heterogeneous bodies would not be stable if based on simple majority rule. It is interesting to notice that the success of



But though a tribunal of this kind may, in demarcation cases, cut the Gordian knot, neither its deliberations nor its awards can permanently command confidence unless it is able to map out some definite and consistent policy, accepted by its litigants and adhered to in all its own decisions. Moreover, it cannot permanently secure industrial peace unless this policy coincides with the interests of the employers and is based on some assumption in which they can agree. Such a policy cannot be found in any doctrine of "the right to a trade," because, as we have shown in the crucial instances of new kinds of work, both parties may, with equal reasonableness, claim that equity is on their side. The solution of the problem is to be found in quite another direction. It is admitted that, within the limits of a single trade and a single union, it is for the employer, and the employer alone, to decide which individual workman he will engage, and upon which particular jobs he will employ him. What each Trade Union asks is that the recognised Standard Rate for the particular work in question shall be maintained and defended against possible encroachment. If the same conception were extended to the whole group of allied trades, any employer might be left free, within the wide circle of the federated unions, to employ whichever man he pleased on the disputed process, so long as he paid him

the Federation of the Engineering and Shipbuilding Trades as a court of arbitration is entirely dependent on its frank abandonment of any idea of representation in proportion to membership. Every union admitted, whether large or small, sends two representatives to the annual meeting, which elects one from each trade—invariably its salaried official—to form the federal executive. It is obvious that if the United Society of Boilermakers or the Amalgamated Society of Carpenters insisted on having twenty times the amount of representation or voting power as the Associated Blacksmiths or the United Pattern-makers, these latter would have no confidence in any award of an executive on which their rivals had so predominant a voice. Unfortunately, this very idea of equality, which has been a condition of the success of this federation, has hitherto stood in the way of the adhesion of the largest society concerned in the engineering and shipbuilding trades. The Amalgamated Society of Engineers, claiming to include within its own ranks all sections of skilled engineering mechanics, has hitherto found it inconsistent with its dignity to associate on equal terms with such smaller sectional societies as the United Pattern-makers' Association and the Associated Blacksmiths. Here again the idea of an all-embracing amalgamation has prevented the effective organisation of the Trade Union world.

the Standard Rate agreed upon for the particular task. The federated Trade Unions, instead of vainly trying to settle to which trade a task rightfully belongs, should, in fact, confine themselves to determining, in consultation with the associated employers, *at what rate it should be paid for.*<sup>1</sup>

If this simple principle were adopted,—say, in the great shipbuilding yards of the North-East coast,—and if it were frankly accepted by the associated employers and the Federation of Engineering and Shipbuilding Trades, the way would clear. The Standard Rate within the unquestioned domain of each particular trade would be determined, as at present, by Collective Bargaining between the associated employers and the Trade Union concerned. But directly any dispute arose as to which trade a job should belong—whether between employer and workman, or between different sections of wage-earners—the Collective Bargaining as to the rate of payment for that job would at once pass out of the hands of both the unions concerned, and would be undertaken, on behalf of the whole body of allied trades, by the Federation. The dispute would, therefore, be referred to the federal officials to negotiate, with the representatives of the associated employers, *a definite Standard Rate for that particular task.* In determining this special rate, they would be guided solely by the character of the work relatively to other operations in the same district. When, as in the notorious disputes between the fitters and plumbers, and the joiners and shipwrights, the earnings of both sets of workmen were practically identical, and the volume of work in

<sup>1</sup> This suggested solution has now been tentatively put forward by the young man of exceptional ability who in 1896 became general secretary of the Amalgamated Society of Engineers. Writing on the dispute with the Federation of Engineering Employers as to the employment of laborers on machines, Mr. George Barnes declared that “the whole question from our point of view is really one of wages, and inasmuch as the employers disclaim any intention of invading our territory as skilled mechanics, we believe that a mutually satisfactory solution of the difficulty is to be found in local joint committees, with a reference to the Board of Trade : *such committees to decide—having due regard to class of machines, quality of work, and standard rate of district—upon the wage to be paid.* We shall send in these proposals in proper form.”—*Amalgamated Engineers' Monthly Journal*, April 1897.

dispute was of little consequence, the officials of the federated workmen and the associated employers would quickly arrive at an agreed rate. When, as in the more difficult case of a laborer being put to work a new machine, the rates widely diverged, the agreement would involve a longer bargaining. The representative of the associated employers would try to adduce evidence that the work was within the capacity of any general laborer fetched out of the street, and was therefore only worth sixpence an hour. The representative of the federated Trade Unionists would seek to establish that the work really required an engineer's skill or training, and that the particular laborer employed happened to be an exceptional man, who ought to be earning the engineer's rate of tenpence an hour. The advocates on both sides, representing great federations of which the actual disputants formed an infinitesimal proportion, would certainly manage to agree upon a rate for that special work, rather than involve the whole body of their clients in war. Once the special rate for the disputed process was authoritatively determined, the individual employer might engage any workman he pleased *at that rate*, whether he belonged to the Amalgamated Society of Engineers or to the humbler United Association of Machine Workers, or even to the National Laborers' Union. Thus, subject to the Standard Rate for the disputed work being fixed by Collective Bargaining between the associated employers and the federated Trade Unions, any shipbuilder would be at liberty, as between trade and trade, to select which man he pleased to do the work.

For the federated Trade Unions there would remain the further question whether, in the interests of the most perfect organisation, the workman so selected should be transferred from one union to another, or allowed to remain in his old society. If the job was only a temporary one, it would be unnecessary to make any change. If, on the other hand, the task for which he was selected was habitually performed by members of another union, or if it necessitated close companionship with them, it would probably avoid friction if he

were transferred to the roll of the other union. With this, however, the employers would have nothing to do, and the particular internal regulations decided upon by the federation would, as in all other cases, be finally determined by its constituents.<sup>1</sup>

This solution would not, we think, be objected to by employers who, like the great captains of industry of the North-East coast, have become accustomed to dealing with bodies of organised workmen. It involves no assumptions other than those to which they have long since agreed. The rates for the disputed jobs would be settled, as they are at present, not by the individual employer or workman, but by collective agreements made by the associated employers. The only difference would be that instead of making that collective agreement with a single Trade Union, the officials of the associated employers would deal, as regards the disputed jobs, with officials representing the whole body of Trade Unionists in the district. The employers would be freed from the annoyance of finding their works stopped by the men's quarrels, and they would be confirmed in their freedom to allot their jobs in the way they thought best.

The Trade Unionists, on the other hand, would secure their fundamental principle of maintaining the Standard Rate and all the machinery for Collective Bargaining. They would gain complete protection against any attempt to make the introduction of a new machine or a new product an

<sup>1</sup> In making these transfers of particular workmen from union to union, a difficulty might arise from the difference in rates of contribution and scales of benefit between different societies. This could easily be surmounted, as regards the workman, by the new society admitting him at once to full benefits, according to his length of membership in the union he leaves. Mutual arrangements of this sort already exist for the transfer of members between Scottish and English unions in the same trade, and some others. If the unions giving large benefits demurred to accepting members on these terms, it would be easy for the Federation to smooth the way by giving from federal funds, in respect of each man officially transferred on demarcation grounds, a sum equal to the accumulated balance per member possessed by his new colleagues. Any such question of financial adjustment between union and union would easily be settled by the practical good sense of Trade Union officials.



excuse for lowering the rate hitherto paid for a particular grade of skill. On the other hand, they would have frankly to abandon the obsolete doctrine of a "right to a trade." They would have to allow each individual employer complete freedom, provided that he paid the Standard Rates agreed upon for the various kinds of work, to allot them among the trades as he found most convenient, irrespective of past custom. And if the Trade Unions wished to avoid friction among the workmen, and perfect their organisation, they would have to give up all idea of restricting the entrance into the several unions, otherwise than by requiring their recruits to be able to earn the recognised Standard Rate. In both cases, as this and the preceding chapter will have shown, they would only be giving up a principle which the vast majority of unions, over the greater part of the field of British industry, have found it impossible to carry out.

## CHAPTER XII

### THE IMPLICATIONS OF TRADE UNIONISM

IN the preceding chapters we have attempted systematically to analyse all the current regulations of British Trade Unionism; we have still to set forth and explain certain features of Trade Union policy which are implied in the use of its Methods or are subsidiary to the enforcement of its Regulations.

We will begin with the Method of Mutual Insurance. We have seen how important a part is played, except in a few industries, by the friendly society side of Trade Unionism—how it supplies both adventitious attraction and adventitious support to the workmen's combinations, even when its use as a separate method of enforcing common rules has faded out of sight. Trade Unionists are proud of the great insurance societies which have been built up by their own efforts, and most determinedly oppose any project which seems inimical to their continued prosperity. This affords an explanation of the deadweight of silent opposition which the Trade Unions have hitherto thrown against all competing schemes of insurance. When the rival project is an employer's benefit society, the Trade Unionists object to it for many additional reasons, with which we shall deal in a subsequent part of this chapter. But even when an insurance project is quite unconnected with industrial objects, and takes the impersonal form of a Government Old Age Pension scheme, the Trade Unionists strenuously object to

any premium to be levied by way of deduction from their weekly earnings or other form of direct contribution, which would, it is feared, make the workmen less ready to subscribe to a trade friendly society. We find this feeling clearly expressed in Mr. Broadhurst's Minority Report in the Aged Poor Commission of 1895. "The evidence tendered by working class witnesses goes, in my opinion, to show that any scheme involving contributions, otherwise than through the rates and taxes, would meet with much opposition from the wage-earners of every grade. The Friendly Societies and the Trade Unions, to which the working class owe so much, naturally view with some apprehension the creation of a gigantic rival insurance society backed by the whole power of the Government. The collection of contributions from millions of ill-paid households is already found to be a task of great difficulty, intensified by every depression of trade or other calamity. For the State to enter into competition for the available subscriptions of the wage-earners must necessarily increase the difficulty of all Friendly Societies, Trade Unions, and Industrial Insurance Companies, whose members and customers within the United Kingdom probably number, in the aggregate, from eleven to twelve millions of persons. On the other hand, Mr. Charles Booth's proposal for the grant of a pension from public funds, without personal contributions, may secure the hearty support both of the Trade Unions and the Friendly Societies."<sup>1</sup>

So far the Trade Unions stand shoulder to shoulder with the ordinary friendly societies. But when it comes to defining the legal status of the two forms of combination, they at once part company. The friendly societies, confining them-

<sup>1</sup> Minority Report of Mr. Henry Broadhurst, M.P. (Friendly Society of Operative Stonemasons), in *Report of the Royal Commission on Aged Poor* (C. 7604), 1895, p. xcix.

This hostility is naturally most marked among members of the great trade friendly societies. The coalminers, who make practically no use of friendly benefits in their Trade Unionism, have always shown themselves willing to encourage the Permanent Relief Funds, through which, by the joint subscriptions of employers and employed, provision is now made for the sufferers from accident within the limits of a given coalfield.

selves strictly to one definite function, have obtained the privilege, on registration of their rules and submission of their accounts, of becoming legally incorporated bodies, able to enter into enforceable contracts with their members and outsiders, and to sue or be sued in their corporate capacity. Such complete legalisation does not suit the great trade societies. Some measure of incorporation they must have, in order that the money subscribed by all alike may not, with impunity, be embezzled by those in whose hands it is placed. But the whole friendly society business of a Trade Union is, as we have seen in the chapter on "The Method of Mutual Insurance," only an adventitious adjunct, strictly subordinate to its main function of securing, for its members, better conditions of employment. In pursuit of these better conditions the Trade Union must be free, in any emergency, to use every penny of its funds in the fight. It does not therefore undertake to maintain all or any of its benefits, if a majority of the members for the time being wish the cash in hand to be applied to other purposes. Moreover, it is, as we explained in the chapter on "The Method of Collective Bargaining," an essential condition of Trade Union action that the decision of the great mass of the members should be enforced on individual recalcitrants. A member who persists in acting in flagrant disobedience to the rules of the association he has joined, whether they relate to friendly benefits or not, must eventually incur the penalty of expulsion, involving the forfeiture of all claim to future benefit. A Trade Union would therefore be fatally hampered if it entered into legally binding contracts to pay particular benefits, or if it were possible for an aggrieved member to appeal, against the decision of his fellow-members, to the unfriendly courts of justice. But this inimical action of discontented members is not the whole danger. Though combination in restraint of trade is no longer a criminal offence, it may still, as we shall see, be made the ground of a civil action for damages.<sup>1</sup> The indefinite and anomalous state of the law with regard

<sup>1</sup> See the Appendix on "The Legal Position of Collective Bargaining,"



to libel and conspiracy leaves open, too, a wide door for harassing proceedings. Already, any agent or official of a Trade Union is liable to be sued by an employer or non-unionist workman, whenever the Trade Union action has, through him, caused loss or damage. If the Trade Union could be sued in its corporate capacity, the members would quickly find the funds which they had subscribed for sick and funeral benefits, attached at the suit of employers aggrieved by a threat to strike, by the libel of an injudicious branch secretary, or by the insolence of a picket. Thus, whilst complete incorporation might protect the individual member against a majority of his fellows, it would put his provision for sickness and old age at the mercy of employers' claims for damages. The insecurity of the friendly society side of Trade Unionism is, in fact, inherent in the conjunction of trade and friendly purposes, and complete legalisation would actually diminish, rather than increase, the likelihood of the funds subscribed for friendly benefits being ultimately applied to meet them.

These considerations explain the peculiar legal status which the Trade Unionists of 1868-71 succeeded in winning for their associations. The Trade Union Act of 1871, whilst giving a duly registered union much the same status as a friendly society so far as the protection of its property was concerned, expressly provided that a Trade Union should not be able to sue, nor be liable to be sued, in respect of any agreement between itself and its members, or with an employers' association or another union. Trade Unions, in fact, have not been clothed with legal personality any further than for the limited purpose of protecting their funds against theft or embezzlement. They are thus in the anomalous position, to quote the Majority Report of the Labor Commission, of exercising "collective action without legal collective responsibility."<sup>1</sup> This peculiar status the Trade Unionists wish to maintain. The Trade Union Minority of

<sup>1</sup> *Fifth and Final Report of the Royal Commission on Labor, 1894 (C. 7421)*, par. 149, p. 54.

the Labor Commission resolutely refused to entertain the suggestion "that it would be desirable to make Trade Unions liable to be sued by any person who had a grievance against the action of their officers or agents. To expose the large amalgamated societies of the country with their accumulated funds sometimes reaching a quarter of a million sterling, to be sued for damages by any employer in any part of the country, or by any discontented member or non-unionist, for the action of some branch secretary or delegate, would be a great injustice. If every Trade Union were liable to be perpetually harassed by actions at law on account of the doings of individual members; if Trade Union funds were to be depleted by lawyers' fees and costs, if not even by damages or fines, it would go far to make Trade Unionism impossible for any but the most prosperous and experienced artisans. The present freedom of Trade Unions from any interference by the courts of law—anomalous as it may appear to lawyers—was, after prolonged struggle and Parliamentary agitation, conceded in 1871, and finally became law in 1875. Any attempt to revoke this hard-won charter of Trade Union freedom, or in any way to tamper with the purely voluntary character of their associations, would, in our opinion, provoke the most embittered resistance from the whole body of Trade Unionists, and would, we think, be undesirable from every point of view."<sup>1</sup>

Passing now to the Method of Collective Bargaining, we notice, in the first place, that it implies the removal of all legal prohibition of combination "in restraint of trade." So long as trade combination was a criminal offence, the Method of Collective Bargaining was not open either to employers or to workmen, and Trade Unionists, when they could not get legislation, had to resort to secret compacts among themselves, resting on the Method of Mutual Insurance. Freedom of combination is now professedly conceded, so far as the criminal law is concerned, but even in England there are

<sup>1</sup> *Fifth and Final Report of the Royal Commission on Labor, 1894 (C. 7421), p. 146.*

signs, as will be seen from our appendix on the Legal Position of Collective Bargaining, that, as regards civil liability, Trade Unionists have still a battle to fight. If the recent decisions are upheld, the employers will be able to proceed for heavy damages against any Trade Union official who uses the ordinary arts of bargaining on behalf of his constituents, or who even advises the workmen of a particular firm to refuse the employer's terms. Every strike will bring a shower of writs, ending in bankruptcy proceedings; and Trade Union executives, finding themselves exposed to this harassing persecution, will again become secret conspiracies. If, therefore, Collective Bargaining is to survive as a method of Trade Unionism, Parliament will have to complete the work of 1871-75, and definitely instruct the judges that nothing is to be actionable in labor disputes when done by or in pursuance of a combination of workmen, which would not be actionable if done by a partnership of traders as part of their business, and in the pursuit of their personal gain.

But the workman's freedom of contract, and, still more, his freedom of combination, necessarily involves, as we have seen, his freedom to stipulate with whom he will consent to associate in his labor. This liberty to refuse to accept engagements in establishments where non-unionists are employed, is, in such highly-organised trades as the Northumberland Coalminers or the Lancashire Cotton-spinners, tantamount to compulsory Trade Unionism. And wherever Collective Bargaining is perfected by such formal machinery as the Joint Boards or Joint Committees of the North of England Manufactured Iron Trade, or the Northumberland and Durham Miners, or by such national treaties as those regulating the wages and other conditions of labor of the Boilermakers, hand Papermakers, and factory Boot and Shoe Operatives, the collective regulations become virtually binding throughout the whole trade. The compulsion on the individual, it need hardly be said, is none the less real and effective because it takes an impersonal, peaceful, and entirely decorous form. A plater or rivetter who, because he is out-

side the United Society of Boilermakers, is politely refused work by every shipbuilder on the North-East coast, is just as much compelled to join the union, as if membership were, by a new Factory Act, made a legal condition of employment.

Collective Bargaining thus implies, in its fullest development, compulsory Trade Unionism. It was the recognition of this fact which led to the remarkable proposal of the Duke of Devonshire, and some of the most eminent of his colleagues on the Labor Commission, to enable Trade Unions to enter into legally binding collective agreements on behalf of all their members. The great employers of the North of England find that there is, in their highly-organised industries, practically no non-unionist minority which they can play off against the Trade Union, whose officials therefore virtually speak in the name of all the available workmen. On the other hand, they have no guarantee that individual branches or members will loyally abide by the collective agreement when it is made. It was therefore proposed, by five of the largest employers of labor on the Commission,<sup>1</sup> that when a collective agreement had been made between a Trade Union and an Employers' Association, these bodies should be, in their corporate capacities, responsible in damages for any breach by their members, and should be entitled, on the other hand, to recover such damages from the individuals who had infringed the treaty. This suggestion was, as we have mentioned, vehemently objected to by the Trade Unionists, because it

<sup>1</sup> See the "Observations appended to the Report" (C. 7421), pp. 115-119. These were signed, not only by the Duke of Devonshire (himself a great employer of labor in many industrial undertakings), but also by Sir David Dale of Darlington (Ironmaster and Coalowner), Mr. Thomas Ismay (Shipowner), Mr. George Livesey (Gas Company Director), and Mr. William Tunstall (Railway Director). They also gained the support of Sir Michael Hicks-Beach, Mr. Leonard Courtney, and Sir Frederick Pollock. This proposal has more than once received the approval of the *Times*. Thus, in a leading article of the 10th June 1897, relating to the progress of the Trade Unions, it observed that "at present, though freed from the most serious of the disabilities under which they once labored, they have no true corporate existence; they cannot make enforceable contracts; they can bind, broadly speaking, their members to nothing. One of the few practical suggestions which emerged from the stream of loose talk passing through the Labor Commission was a proposal that this should be altered—a proposal which found favor with some of the most sober-minded of the members of the Commission."



was incidentally intended to give the Trade Union a legal personality, which would render it liable to be sued in the law courts by any disaffected member or aggrieved outsider. So sweeping a change in Trade Union status was, however, not necessary for the Duke of Devonshire's proposal. His object would have been secured if it had been provided that the Trade Union should be liable to be sued only in respect of collective agreements made with the Employers' Association, and then only for definite penalties specified in such agreements. To this definitely restricted liability no Trade Union need object, provided that it were given, as was contemplated, the corresponding right to recover the penalty from its members in default, and provided that the Employers' Association were made reciprocally responsible to the Trade Union for the defaults of particular employers.

Any such legal enforcement of collective agreements as was proposed by the Duke of Devonshire and his colleagues would, of course, greatly encourage the use of Collective Bargaining as a Method of Trade Unionism. It was, in fact, expressly with the view of facilitating this "substitution of agreements between associations for agreements between individual employers and individual workmen," which the Commissioners had found to be "on the whole, in accordance with the public interest," that so momentous a change was proposed. Trade Unionists would entirely agree that it would "result in the better observance, for definite periods, of agreements with regard to wage-rates, hours of labor, apprenticeship rules, demarcation of work, profit-sharing, and joint insurance schemes." In all but the best organised industries, the workmen's difficulty is, not so much to get better terms granted, as to get them adhered to. Such grievously oppressed trades as the bakers, the tramwaymen, the dock laborers, and almost any section of women workers, may often, by a sensational strike, and the support of public opinion, secure an agreement promising better conditions of employment. But the day after the agreement is signed it begins to crumble away. One employer after another

"interprets" it in his own fashion, and the workers in his establishment, no longer upheld by the excitement of a general strike, and frequently not precisely understanding what is happening, are induced to acquiesce by fear of losing their employment, if not by actual threats of dismissal. If the Trade Union could sue any such employer for damages for breaking the collective agreement, its terms would, for the time being, become, in effect, part of the law of the land. The highly-organised trades would find their advantage rather in the direction of improved discipline among their own members. Until the expiration of the collective agreement at any rate, a recalcitrant minority would find itself confronted, not only by the displeasure of the majority, but also by all the terrors of the law courts.<sup>1</sup> Any such arrangement would therefore greatly strengthen the influence of the Trade Union as a whole, and would, in all industries, tend enormously to the development of such an expert Trade Union Civil Service as is already enjoyed by the Cotton Operatives. Whether this addition to the compulsory character of Collective Bargaining would prove as harmless to the consumers as it would to the great employers; whether, to use the phrase of Mr. Gerald Balfour, M.P., the Duke of Devonshire's "Socialism by Trade Option" is a safe kind of Socialism for the community to establish; affords an interesting problem for consideration by economists and statesmen.

The Method of Legal Enactment has implications of its own, which compel us to touch on the wider question of the part taken by the Trade Unionists in the party struggles of politics. We have already described how Mutual Insurance and Collective Bargaining depend on the legal status of the Trade Unions. Freedom of combination, protection for

<sup>1</sup> If a Trade Union were made liable for the observance of the agreement for a definite period, it is obvious that no member of the union could be permitted to withdraw for that period, at any rate so far as concerns observing the agreement and contributing towards its expenses. Thus, Trade Union membership would become, in effect, not only universally compulsory, but also irrevocable for a long term. The same would be the case with regard to membership of an employers' association.

Trade Union funds, and liberty to strike have not been gained without political conflicts, in which the Trade Unionists have had to use every means of influencing the legislature. But these questions have involved only certain definite legal reforms, outside the scope of party politics ; and they could, once Parliament was convinced, be finally disposed of. It is only in connection with the Method of Legal Enactment that the Trade Unions, as such, find it necessary to secure a permanent influence in the House of Commons. Every year one section or another calls for new regulations to be passed into law, in the form of an amendment of the Factory or Mines, Railway or Merchant Shipping Acts. The administration of these statutes requires constant supervision, which can only be effectively exercised from the House of Commons. And with the growth of the public administration of industry, whether central or local, the Trade Unions consider it essential that they should be in a position to secure the strict observance of the standard conditions by the national and municipal employers of labor.

It was, therefore, a vital political necessity that the Trade Unionists should obtain complete electoral rights. From 1831 to 1884 the banners of the Unions always appeared at the great demonstrations in favor of Parliamentary Reform. The whole strength of the Trade Union movement was thrown on the side of the ballot, the removal of tests and property qualifications, and everything that promised to facilitate the expression of Trade Union views in Parliament and on local bodies. Thus, between 1860 and 1885, when the Liberal Party was striving for extensions of the franchise, and the Conservative Party was, with the exception of a few months in the session of 1867, fiercely resisting reform, the Liberal leaders could count on the adhesion of the great bulk of the Trade Unionists. During these years every prominent Trade Union official belonged to the Radical Wing of the Liberal Party.<sup>1</sup>

<sup>1</sup> The revulsion of feeling between 1871 and 1874, caused by the incredible stupidity of the Liberal Cabinet of those years in connection with the criminal

But this alliance with the Liberal Party has proved only temporary. The completion of electoral reform has, since 1885, fallen into the background, the Liberal leaders being indifferent, if not actually hostile, to the Trade Union demands for Manhood Suffrage, Payment of Members, and Payment of Election Expenses, whilst the lukewarm official proposals for Registration Reform have evoked no enthusiasm. Trade Union politics have therefore entered on a new phase. The Trade Unionists, having obtained the vote, now wish to make use of it to enforce, by Legal Enactment, such of their Common Rules as they see a chance of getting public opinion to support. Here they find themselves almost equally balanced between the claims of rival political parties. Judged by past performances, the Conservatives are less unsympathetic to the legal regulation of industry than the Liberals; whilst the Workmen's Compensation Act of 1897 has placed the Trade Unionists under a fresh obligation to the Conservative Party. On the other hand, the Collectivist wing of the present Liberal Party is beginning, by professions of conversion from "Manchesterism," and large promises of future legislation, to make a special bid for Trade Union support. The leaders on both sides are candidly hostile to the principle of collective regulation, and the Yorkshire Coalminer or Lancashire Cotton-spinner may well doubt whether Sir William Harcourt and Mr. John Morley are any nearer in agreement with him than Mr. Balfour or Mr. Chamberlain. Meanwhile a third party has arisen, to point the moral and compete for the workmen's suffrages. The Socialist candidates are ready to promise persecution of Trade Unionism, led, as we have described in our *History of Trade Unionism* (pp. 256-280), to an organised revolt, to independent candidatures, and to a certain transference of votes to progressive Conservatives who agreed to satisfy the Trade Union demands. The popular Conservative legislation of 1874-75 (the Trade Union Act and the "Factories (Health of Women) Act"), which embodied a great measure of what the Trade Unionists had been asking for, no doubt detached a large section of workmen from their alliance with Liberalism, especially in Lancashire. But so strong was the impulse towards an extension of the franchise that the leaders, even in Lancashire, made up their quarrel with the Liberal Party, and acted with it until the Reform Bills of 1884-85 were safely passed into law.



the Trade Unionists a systematic and complete regulation of all the conditions of employment. But they show a lamentable deficiency of technical knowledge of the exact regulations required, and they mingle their proposals with revolutionary Shibboleths as to the "nationalisation of the means of production, distribution, and exchange," which the bulk of the Trade Unionists fail even to comprehend. Accordingly, the strong desire of nearly all sections of Trade Unionists for this or that measure of legal enactment does not at present produce much effect on general politics. Unlike their demand for the franchise, it does not, for the moment, attach them, as Trade Unionists, to any political party. But it implies that they would be strongly, and even permanently, drawn to any political leader, of whatever party, who shared their faith in the efficacy of the Common Rule, and who convinced them that he had the technical knowledge, the will, and the Parliamentary power to carry into law such proposals for legal regulation as each trade from time to time definitely demanded.

If now we leave the Methods of Trade Unionism, and pass to its Regulations, we shall see that these, too, have their own implications, and that Trade Unionists oppose or accept certain industrial forms according as these appear to be inimical to Trade Union progress, or the reverse. Foremost among these implications is the strong Trade Union objection to "Home Work," that is, to work being given out by the employer, to be done elsewhere than in the factory or workshop which he provides.<sup>1</sup> In all the industries in which "out-working" prevails to any considerable extent, this

<sup>1</sup> Under this head we include all arrangements under which the manual-working wage-earner performs his task elsewhere than in a factory or workshop provided and controlled by his employer. The term "home work" is sometimes used to designate only work taken home by factory workers after the expiration of their factory day (see *Home Work amongst Women*, by Margaret H. Irwin, Glasgow, 1897). On the other hand, the "outworker" may not work in his own home, but (as at Sheffield) on a "wheel" or "trough" rented in a "tenement factory," or (as sometimes among the Scottish hand Shoemakers) in a co-operative workshop rented by a group of workmen or by the Trade Union itself.

objection, steadily growing in intensity for the last half-century, has latterly risen into a crusade. The National Union of Boot and Shoe Operatives<sup>1</sup> and the Scottish Tailors' Society now put the complete abolition of home work in the front of their programme. The English Tailors' Union, though it includes home workers, is scarcely less emphatic. "If," reports the General Secretary, "we cannot altogether abolish this curse we can at least prevent its growth, and wherever there is the slightest sign of the system being introduced into towns where it has hitherto been unknown, it is our duty not to tolerate it for a single minute, but use our utmost endeavors to oppose its introduction, and stamp it out as far as lies in our power in all places where it at present exists."<sup>2</sup>

This vehement objection to home work comes as a surprise to persons unfamiliar with the actual conditions of the wage-earner's existence. One of the principal grievances that Trade Unions are formed to remedy is, as we have seen, the autocratic manner in which the employer, in any unregulated trade, determines at what hours his workshop will open and close, when his workpeople shall take their meals or enjoy their holidays, how fast and how continuously they shall work, and a host of petty regulations, easily passing, with a brutal foreman, into gross personal tyranny. From all this the man or woman working in the home is apparently free. Once the work is taken out of the employer's warehouse, the worker is at liberty to do it when and where and how he pleases, free from the constant supervision and arbitrary meddling of the foreman. Home work has, to the philanthropist, certain sentimental attractions. There is no breaking-up of family life. Husband and wife can work side

<sup>1</sup> The National Union of Boot and Shoe Operatives puts high up among its objects the "establishment of healthy and proper workshops, the employers to find room, grindery, fixtures, fire, and gas free of charge."—*Rules of the National Union of Boot and Shoe Operatives* (Leicester, 1892).

<sup>2</sup> *Report of the Fourteenth Conference of Deputies of the Amalgamated Society of Tailors, held in Liverpool, August 1891* (Manchester, 1891); *Secretary's Report to the Conference*, p. 17.

by side at a common task, whilst the babies frolic around, and the child from school prepares its lessons under the father's eye. No peremptory factory bell summons the wife and mother from her housekeeping or family cares. Cooking the dinner, nursing the baby, teaching the child apprentice—all can be dovetailed into each other, and into the breadwinning craft. The task of every member of the household can be adjusted to their several capacities, even the aged grandfather by the fireside, and the school-girl on her half-holiday, being usefully employed. When illness comes, one member of the family can nurse another, whilst continuing to earn a subsistence. The custom of working at home seems, in fact, to combine all possible advantages. To personal freedom and domestic bliss, there is added the greatest economy of time and the utmost utilisation of capacity.<sup>1</sup>

Unfortunately, the facts of the home worker's life in no way correspond to this Utopian picture. To take work home means, in the words of a boot operative, "to make home miserable."<sup>2</sup> It is conceivable that the highly-educated and well-disciplined journalist, barrister, banker, or stock-broker might find it pleasant to do all his professional work under the eyes of his wife, and amid the playing of his well-bred children. But even he would hardly like to work, eat, and sleep, not to say also cook and wash, in one and the same apartment. The middle-class admirer of home work forgets that the "home" of the ordinary town wage-earner consists of one, or, at most, of two small rooms, and that his work is not done in pen and ink, but in leather, cloth, fur, hot metal, glue, and other substances involving dirt, smells, and effluvia. It is impossible to use, as a workshop, the living room of a family, without submitting to conditions of temperature and atmosphere, crowding and disorder, which are

<sup>1</sup> See the description in Dr. Kuno Frankenstein's *Der Arbeiterschutz* (Leipzig, 1896).

<sup>2</sup> *Monthly Report*, National Union of Boot and Shoe Operatives, March 1891.

destructive to health and comfort. All these conditions make the workshop-home positively repulsive to father, mother, and children alike, and every opportunity is sought of escaping from it—the man to the public-house, the woman to gossip with her neighbours, and the children to the streets.<sup>1</sup> Instead of maintaining the integrity of the family, and fostering the domestic virtues, it is accordingly frequently asserted by the most experienced observers that no influence is at the present day more ruinous than home work in its effect on family life and personal character.

Public opinion is, therefore, for reasons of sanitation, family life, and personal character, tending more and more to deprecate any combination of the workshop with the living-room. What has influenced the Trade Unionist is much more the discovery that the custom of home work has a ruinous effect upon wages. In the trades in which this custom prevails, the standard earnings of the home workers are far below the wage customary for equally skilled labor

<sup>1</sup> Some glimpse of what home work implies even to a man of very exceptional character, is afforded by the following extract from the Autobiography of Francis Place. (See the *History of Trade Unionism*, chap. ii.) “The consequences of a man and his wife living in the same room in which the man works is mischievous to them in all respects, and I here add, as a recommendation to all journeymen, tradesmen, and other workmen . . . to make almost any sacrifice to keep possession of two rooms, however small and however inconveniently situated as regards the place of their employment. Much better is it to be compelled to walk a mile or even two miles to and from their work to a lodging with two rooms, than to live close to their work with one room. . . . A neat clean room, though it be as small as a closet, and however few the articles of furniture, is of more importance in its moral consequences than any one seems hitherto to have supposed. The room in which we now lived was a front room at a baker’s shop. The house had three windows in the front, two in the room and one in a large closet at the end of the room. In this closet I worked. It was a great accommodation to us; it enabled my wife to keep the room in better order; it was advantageous, too, in its moral effects. Attendance on the child was not, as it had been, always in my presence. I was shut out from seeing the fire lighted, the room washed and cleaned, and the clothes washed and ironed, as well as the cooking. We frequently went to bed as we had but too often been accustomed to do, with a wet or damp floor, and with wet clothes hanging in the room. Still a great deal of the annoyance and too close an interference with each other in many disagreeable particulars (which having but one room made it inevitable) were removed—happily removed for ever.”—Place’s MS. Autobiography, quoted in *Labor in the Longest Reign*, by Sidney Webb (London, 1897); now included in the *Life of Francis Place* by Graham Wallas (London, 1897).



in the factory industries. The chain and nail workers in the Black Country, the trouser and "juvenile suit" hands in East London, the garret cabinetmakers of Bethnal Green, the cottage bootmakers of the Leicestershire villages, and more noteworthy even than these, the skilled outworking cutlers of Sheffield, were all found, by the House of Lords' Committee on the Sweating System (1890), to be suffering to an extent that could "hardly be exaggerated," from "earnings barely sufficient to sustain existence; hours of labor such as to make the lives of the workers periods of almost ceaseless toil, hard and unlovely to the last degree; sanitary conditions injurious to the health of the persons employed and dangerous to the public."<sup>1</sup> In every one of the trades in which this august Committee reported that "sweating" prevailed, the custom of working in the operatives' own homes was discovered to exist. To the Trade Unionist this close connection between home work and low wages is no mere coincidence. Experience shows that work given out to be done otherwise than on the employers' premises almost invariably becomes the subject

<sup>1</sup> *Report and Evidence of the Select Committee of the House of Lords on the Sweating System* (H. L. 62 of 1890); see also "The Lords and the Sweating System," by Beatrice Potter (Mrs. Sidney Webb) in *Nineteenth Century*, June 1890; and the references given in Fabian Tract, No. 50, "Sweating, its Cause and Remedy."

It must not be supposed that the custom of "giving out" work to be done in the workers' own homes is a new or an increasing evil. It is, on the contrary, merely the surviving remnant of what was once in many trades the prevailing system. In our *History of Trade Unionism* (pp. 28, 32, 48) we have incidentally described its prevalence in the West of England cloth manufacture, in the hosiery trade, among the Sheffield cutlers, the Spitalfields silk-workers, and the Scottish cotton-weavers. In the early stages of capitalist industry a manufactory, as Du Cellier observes with regard to France, "was not the site but the centre of an industry; the manufacturer produced the samples and designs . . . but had generally not a single loom working in his own house" (*Histoire des Classes Laborieuses en France*, p. 222). It was an innovation to collect a number of wage-earners in the employer's own workshop, where they worked under constant supervision, and could practise division of labor. In all important industries of Great Britain this has now become the dominant industrial form. It is where the two systems are still competing with each other—where factory and home work co-exist and produce for the same market—that the evil of "sweating" is at its worst.—*Der Arbeiterschutz*, by Dr. Kuno Frankenstein (Leipzig, 1896), p. 492.

of isolated, personal bargaining between the individual wage-earner and the capitalist employer. "To people working *each in their own little shop*," writes Mr. John Burnett, "from early morning until late at night, combination is above all things difficult. . . . One man or one woman can be played off against another, and the prices of labor are thus subject to the daily haggles of workers competing for bread. This is clearly and unmistakably the result of the small workshop system, which is undoubtedly the root of many, if not all the evils from which the nailworkers suffer."<sup>1</sup> The same consequences of "outwork" were noticed by a careful observer of the Liverpool tailors as long ago as 1860. "The work," wrote Mr. (now Sir) Godfrey Lushington, "admits of being done at home, and the operative who engages himself on these terms loses the benefit of the check which the presence of his fellows maintains upon the encroachments of the employer. In such a trade it must always be difficult to establish united action. . . . The common method of reduction is for the employer to produce a garment and say, 'I had this made for 10s. 6d., I cannot pay you 13s. 6d. for a similar article. You too must make it for 10s. 6d. or go elsewhere.' The Society cannot prevent this."<sup>2</sup> Home work, in fact, necessarily involves Individual Bargaining, and makes, moreover, the enforcement of any Common Rule practically impossible.

Finally, experience proves the home worker's "freedom" as to the hours of labor to be delusive. It is true that the Soho tailor can break off when he chooses, and go round to the public-house for a drink; or the woman "picking peas" in a back alley of Peterborough<sup>3</sup> may get up now and again

<sup>1</sup> *Report to the Board of Trade on the Sweating System at the East End of London*, H. C. No. 331 of 1888.

<sup>2</sup> *Report of the Social Science Association on Trade Societies and Strikes* (London, 1860). Article on the Liverpool Tailors by Mr. (afterwards Sir) Godfrey Lushington, who subsequently became permanent Under-Secretary of State for the Home Department.

<sup>3</sup> One of the principal women's industries in the City of Peterborough is picking dried peas; sorting by hand the black or defective peas from those of lighter

to gossip with a friend without fear of a foreman's reprimand. But when the rate of pay is so small that even sixteen hours' work does not earn more than the bare day's subsistence, all "free" time disappears; and to quote again the House of Lords' Committee, "the lives of the workers" become "periods of almost ceaseless toil." This subtle economic compulsion to "work all the hours that God made," is heightened by the ease with which the giver-out of work can demand that the product shall be delivered by a definite time. It is one of the chief attractions of "outwork" to the employers, as they frankly told the House of Lords' Committee, that the utmost possible rapidity in the execution of pressing orders is unfettered by any conception of a normal working day. To meet the spasmodic demands of the "season," thousands of home-working families can, by a word, be automatically compelled to labor all the night through.

The economic effect of home work is thus to undermine the Standard Rate, to destroy the Normal Day, and to abstract, from the total remuneration of the operative, all the advantages of room, fire, light, and sanitary conveniences which would otherwise be provided by the employer. Nor are these insidious effects confined merely to the outworkers. The operatives employed on similar tasks on the employer's premises have to submit to reductions of wages and extensions of hours, under the threat of the diversion of more and more of the business to their out-working competitors.<sup>1</sup> Home work, in fact, makes all Trade Unionism impossible.

Closely related to the Trade Unionists' opposition to Home Work is their rooted objection to the "small master"

color, in order that, when ground into flour, the mass may be as nearly white as possible.

<sup>1</sup> See the cases described from actual experience in "Pages from a Work-girl's Diary," by Beatrice Potter (Mrs. Sidney Webb), in *Nineteenth Century*, September 1888. It is not that the home workers are paid actually lower rates than the workshop hands: a recent Glasgow inquiry again shows this common impression to be erroneous (*Home Work amongst Women*, by Margaret H. Irwin, Glasgow, 1897). The competition of the outdoor with the indoor hands drags down the wages of both.

system. To a certain section of social reformers this seems incomprehensible. The wage-earners are perpetually complaining that they are deprived of access to the means of production, and that rents and profits are monopolised by a relatively small class. The existence, in certain industries, of numerous small establishments would seem to afford, at least to the most energetic workmen, an obvious means of rising to the rank of masters. Yet these "stepping-stones to higher things" are objected to, not so much by the thriftless workman, careless of his future, but by the most thoughtful and experienced Trade Unionists, that is, by exactly the men whose superiority in energy, persistency, and organising power might reasonably be expected to lead to their personal success.

The explanation of this paradox will not be difficult for those who appreciate the Trade Union position. Working men do not combine in order to assist a few of the best among their number to escape out of their class, but for the purpose of raising the class itself. To some shrewd economists it seems even a misfortune to the wage-earning class that they should, as Professor Marshall observes, "every year give over to the ranks of the rich a great number of the strongest and ablest, the most enterprising and far-seeing, the bravest and the best of those who were born among themselves."<sup>1</sup> "What is really important for working men," says Dr. J. K. Ingram, "is, not that a few should rise out of their class—this sometimes rather injures the class by depriving it of its more energetic members. The truly vital interest is that the whole class should rise in material comfort and security, and still more in moral and intellectual attainments."<sup>2</sup>

<sup>1</sup> *Inaugural Address delivered at the Ipswich Co-operative Congress* (Manchester, 1889), p. 14.

<sup>2</sup> *Work and the Workman, being an address to the Trade Union Congress at their meeting in Dublin, 16th September 1880*, by J. K. Ingram (Dublin, 1880). It must not be inferred that, because Trade Unions are opposed to the small master system, they have any objection to their members rising to superior positions. The energetic Trade Unionist, often a branch official, is frequently selected for the post of foreman, which he accepts with the full approval of his



Enlightened Trade Unionism, therefore, will judge the small master system according to its effect on the wage-earning class as a whole. On this point there is neither hesitation nor difference of opinion. If we exclude the small master himself, we find a practically unanimous agreement among economists, capitalists, and workmen, that the conditions of employment which the small master offers to his wage-earners are habitually, and in all directions, worse than those of the great establishments. In all that concerns the health, decency, and convenience of the operatives, for instance, there is no comparison between the modern boot-factory and the crowded tenement house or "garden workshop" of the small master. Nor need we weary the reader with quotations to prove that the hours of labor are longer, and the rates of payment lower in the struggling small establishments than in the great capitalist enterprises with which they compete. The very advantages which are causing industry on a large scale to supersede the small master system—the utmost possible application of machinery and division of labor, the obtaining of capital, and raw material on the cheapest terms, the use of the highest inventive and managerial ability—compel the small master, in his desperate struggle for existence, to be perpetually nibbling at wages, and lengthening the hours of labor, both for himself and for those whom he employs. It is a significant fact that the small master system is found to be as characteristic of the sweated trades as Home Work itself. "If we descend to the lower sections of the furniture trade, in which the evils of sweating

fellow-members. In some unions, this promotion involves his exchanging an active for an honorary membership, but in the building, engineering, and ship-building trades foremen are welcomed as ordinary members. From foreman the superior man frequently rises to be manager, or even partner, in a large firm; and it would not be difficult to compile a list of great employers of to-day who were, in their wage-earning stage, staunch members of their Trade Unions. To the man of exceptional ability, the system of the Great Industry offers, indeed, more real opportunity of rising to eminence than was before open to him. The proportion of foremen and overlookers to mere manual workers is no doubt smaller to-day than was the proportion of small masters to wage-earners two centuries ago. But the official hierarchy of modern industry affords both a safer and a higher ladder for special talent.

were proved to exist, we may watch the poverty-stricken maker of tables and chairs hawking his wares along Curtain Road, selling direct to the export merchant or to the retail tradesman, or perchance to the private customer. In the manufacture of cheap boots in the Metropolis, of cheap cutlery at Sheffield, of indifferent nails at Halesowen, we meet with this same sorrowful figure—the *small master* or outworker buying his material on credit, and selling his product to meet the necessities of the hour; in all instances underselling his competitors great and small. Respectable employers, interested in a high standard of production, Trade Unionists keen for a high standard of wage, agree in attributing to this pitiful personage the worst evils of the sweating system.”<sup>1</sup>

If then the Trade Unionists declare, to use the words of a Sheffield secretary, that the small masters “are a curse to the trade . . . paying starvation wages to those whom necessity compels to work for them,” this is not due to any personal dislike of the small masters, or to any aspersion on their character. It is merely the recognition by Trade Unionists of an economic fact. Thoughtful workmen in the staple trades have become convinced, by their own experience, no less than by the repeated arguments of the economists, that a rising standard of wages and other conditions of employment must depend ultimately on the productivity of labor, and therefore upon the most efficient and economical use of credit, capital, and capacity. In all these respects the small master system stands, by common consent, condemned. When, therefore, we find the whole influence of Trade Unionism constantly acting against this system, and, as one employer naïvely put it to us, “playing into the hands of the great establishments,” we must at any rate credit it with the desire so far to promote the utmost possible efficiency of production.

This scientific argument against the small master system

<sup>1</sup> “The Lords and the Sweating System,” by Beatrice Potter (Mrs. Sidney Webb), *Nineteenth Century*, June 1890.

appeals chiefly to such enlightened experts as the salaried officials of the Cotton Operatives. What the ordinary workman in other trades sees is, not that the total product per man employed is far less where small establishments prevail, but that, under such circumstances, his own strategic position is seriously weakened. Those better conditions which, as he is convinced, can be secured by enforcing the Common Rule, are put practically beyond his reach. The Operative Bricklayers' Society finds little difficulty in agreeing with the large contractors in London, but is utterly baffled by the host of small jerry-builders in the suburbs, who refuse to conform to fixed conditions of any kind. The Factory Inspector can see that the sanitary conditions of the principal factories are up to the standard, and has little difficulty there in detecting illicit overtime. But without a whole army of assistants it is impossible for him to exercise any check on the myriads of small workshops, which crop up and disappear in our town slums with mushroom-like rapidity. Large establishments, in fact, facilitate both Collective Bargaining itself, and the enforcement of Common Rules however arrived at. And thus we find the small masters frequently complaining that the systematic and uniform arrangements preferred by the great employers "play into the hands" of the Trade Unionists. In 1891, for instance, the small boot manufacturers actually protested against the "capitalist manufacturers' conspiracy" to crush out, by enforcing uniform standards of wages, their smaller competitors. This, explains the employers' editor, "is a ridiculous superstition, but one which we are aware has obtained credence among a certain section of the trade, and is not confined to London. Wherever a Uniform Statement policy has been agreed upon by the leading men of Trades Associations (employers), small manufacturers have raised the cry that it is a conspiracy directed against them by the large houses for sordid ends. The suggestion is too obviously absurd to merit a moment's thought. If small manufacturers cannot continue to exist except by paying less than a proper standard of wages for

work done, that is the clearest possible proof that they have no right to exist as such. There is no animus against small manufacturers, but a praiseworthy determination to place all, large and small, upon an equal wage basis; and he would be a bold man who would dare to find fault with such an arrangement."<sup>1</sup> It is exactly at this "equal wage basis" and similar Common Rules throughout the whole of an industry that Trade Unionism persistently aims. The ablest leaders of the workmen's combinations are therefore instinctively biased in favor of what we may term a horizontal cleavage of industrial classes, and they are necessarily prejudiced against any interference with this stratification. They are consequently found opposing all vertical cleavages whatever, not merely where, as in the cases of Home Work and Small Masters, these involve worse conditions for the wage-earners, but also in the less noxious forms of employers' benefit societies and profit-sharing.

At first sight nothing seems more kindly and humane on the part of the employer, and less open to objection from the workman's standpoint, than the establishment of a Sick and Burial Club in connection with each large establishment. A few pence per week are stopped from the operatives' earnings, and to the fund thus formed the employer often adds the disciplinary fines, and frequently a substantial contribution from the firm, in whose business the growing capital is invested. To the middle-class philanthropist the workman's sullen hostility to any such arrangement appears "ungrateful." But to any one who has ever understood the assumptions on which the whole Trade Union movement is based, the wage-earner's objection will be clear enough. It is not merely that the workmen feel no guarantee that, in the particular financial arrangements imposed on them, they are getting their money's worth; nor is the objection due to any doubt as to the security of the fund—to any fear that, just when they need their sick pay or superannuation, the trade may be depressed and the firm bankrupt. What

<sup>1</sup> Editorial in *Shoe and Leather Record*, vol. x. p. 254, 10th April 1891.



the Trade Unionists recognise is that the separate interest thus created cuts them off from their fellow-workmen in other establishments—that a vertical cleavage is set up which interferes with Trade Unionism. We have seen how the fact of the men being compelled to insure against sickness, cost of burial, and old age in the employer's fund renders them indisposed to pay over again to the Trade Union.<sup>1</sup> But there is a more fundamental objection. If, as is usual, a workman forfeits all his benefits should he voluntarily leave the service of the particular firm, there is a strong and growing inducement held out to him to remain where he is, and thus to accept the employer's terms. He loses, in fact, that perfect mobility which, as economists have often pointed out, is a necessary condition of his making the best possible bargain for the sale of his labor. And, to the Trade Unionist, it is a crowning objection that the workman so tied shuts himself out from all the advantages of concerted action with his fellows. Any general adoption of employers' benefit societies would, in fact, go far to render Trade Unionism impossible.

Schemes of profit-sharing are, from a Trade Union point of view, open to similar objections. Unless the Standard Rate and other conditions are rigidly adhered to, the workmen in profit-sharing establishments may easily be losing far more in wages than they gain in "bonus" or share of profit.<sup>2</sup> But it is an even more serious objection that any separate arrangements with particular employers destroy that community of interest throughout the trade on which Collective Bargaining depends. The men employed by a

<sup>1</sup> It was stated at the Annual Conference of Friendly Societies in March 1897 that particulars had been obtained of forty large industrial undertakings, including the Midland Railway Company, in which insurance in the employer's own benefit society was made compulsory on all persons employed, the premium being peremptorily deducted from wages.

<sup>2</sup> Thus, it is unusual for a profit-sharing establishment to afford its operatives a larger bonus than 5 per cent on their wages, and few do even as well as this. But except in the most rigidly organised trades, in the strongest Trade Union districts, it is common to find some employers paying several shillings per week below the Standard Rate; still more, to find Piecework Lists in different establishments varying from 10 to 20 per cent.

specially "benevolent" firm, with a really generous profit-sharing scheme, will not be disposed to join heartily with the rest in any movement for higher wages, lest they should lose the bonus or other privileges which they already enjoy. Yet whilst they stand aloof, contented with their Standard Rate of wages because of these exceptional privileges, it is difficult for the workmen elsewhere to make any effective stand for a higher rate. To the Trade Unionist it seems a very doubtful kindness for an employer to indulge his feelings of philanthropy in such a way as to weaken the capacity of the workmen for that corporate self-help on which their defence against unscrupulous employers depends. Looking at the matter from the Trade Union standpoint, an employer who desired permanently to benefit the workmen in his trade would seek in every way to promote the men's own organisation, and would therefore make his own establishment a pattern to the rest in respect of the strictest possible maintenance of the Standard Rates of wages, hours of work, and other conditions of employment. This would tend to make it more easy for the workmen in other establishments to insist on the same advantages. If he wished to do more for his own workmen, and could afford it, he would scrupulously avoid any departure from the standard methods of remuneration, and any form of benevolence which created any division between his workmen and their fellows. What he would do would be to offer a simple addition to the common Standard Rate, or a simple reduction of the Normal Day without any diminution of earnings. In this way any indirect effect upon the workmen in the other establishments would be in the direction of facilitating their claiming similar advances.

This strong objection of the Trade Unionists to any blurring of the line between the capitalist profit-maker and the manual-working wage-earner, and their preference for the Great Industry, might, at first sight, seem to point towards the desirability of concentrating each trade in the hands of one great employer. But such a concentration of

business may, from the Trade Union point of view, easily be carried too far. When in any trade the establishments are all sufficiently large to make it easy for the workmen to combine, the Trade Union fights at the greatest strategic advantage if it is confronted by a number of employers, varying considerably in their pecuniary resources and opportunities for profit-making. Thus, in any coal, engineering, or cotton strike, the circumstances of the employers differ so greatly that, however closely they may be combined, there is a strong tendency for some of them to split off from the rest. Those making exceptional profits will not care obstinately to stand out against the men's demands, and so lose trade which they may never regain, when agreement with the Trade Union would still leave them a handsome surplus. To firms insufficiently supplied with capital, moreover, a long stoppage may easily be more disastrous than anything that the Trade Union asks for. In the private meetings of any employers' association during a strike, these two classes are always pressing for a settlement, and if they fail to persuade their more slow-going and highly-capitalised competitors to accept their view, they are apt at last to make peace on their own account, and so destroy any chance of the employers' successful resistance.<sup>1</sup> If, on the other hand, the whole industry is controlled by a single colossal employer, or if it is distributed among a small number of non-competing employers—especially if the monopoly is in any way protected against new rivals—the Trade Union finds its Methods of Mutual Insurance and Collective Bargaining practically useless. This is the case with the railway com-

<sup>1</sup> "I was one of the committee," observed Mr. Samuda, the great London shipbuilder, "for carrying on that contest (the engineers' lock-out of 1851), and the difficulties that existed in maintaining a combination among the masters were enormous, because there were so many masters whose necessities were so great that they could not act to the extent of resisting demands that they thought unjust. It was only men who were thoroughly independent, and who did not care for closing their works, that could stand the difficulty, and face the insolvency that was brought upon weaker houses by resisting the unjust demands of the workmen."—*Evidence before the Royal Commission on Trade Unions, 1868*, Q. 16,805.

panies in the United Kingdom, and some of the great capitalist trusts in the United States. Against the unlimited resources, the secured monopoly of custom, and the absolute unity of will enjoyed by these modern industrial leviathans, the quarter of a million accumulated funds of the richest Trade Union, and the clamor of even one or two hundred thousand obstinate and embittered workmen, are as arrows against ironclads. In such cases the only available method of securing a Common Rule is Legal Enactment—difficult, in the face of interests so powerful, for the Trade Unions to obtain, but once obtained, in so highly organised an industry, easy of application and enforcement. We may therefore infer that the extreme concentration of industry into trusts and monopolies will lead, either to Trade Union failure and decay, or else to an almost exclusive reliance on the Method of Legal Enactment.

When the concentration reaches its most complete form, and industry passes into State Ownership, the Trade Unions find new considerations entering into their problems. When the employer is the State itself, the strongest and richest Trade Union is as powerless to stand out for terms as the individual workman. A long strike will bankrupt dozens of employers and seriously reduce the dividends of even the wealthiest trust. But if all the workmen in the Admiralty dockyards stayed out for a year, neither the Civil Servant manager nor the citizen proprietor would find his daily income even fractionally diminished. The Trade Unions are so conscious of this economic helplessness that they never order a strike in a Government establishment, and they scarcely, indeed, attempt to bargain with so overwhelming an omnipotence. Wherever the State is dominated by classes or interests who do not share the Trade Union faith, the Trade Unionists, as such, will therefore be dead against the extension of State Socialism in their own particular industries.<sup>1</sup> The case is altered if the conditions of Govern-

<sup>1</sup> Thus the German delegates to the International Miners' Congress of 1897 (held in London) objected to the resolution in favor of the "nationalisation of the



ment employment can be influenced by democratic public opinion. If Parliament were really prepared to insist on the conditions of Government employment being brought into conformity with Trade Union regulations, any extension of the public administration of industry might well secure Trade Union support. At present, however, the Trade Union influence on the conditions of Government employment is, in spite of appearances, extremely ineffective. The Trade Union world, with the exception of the Cotton Operatives and Coalminers, is, as we have pointed out, unable to make its political power felt in Parliament. Nor is the House of Commons, as at present organised, competent, even if it were really willing, effectively to supervise the internal administration of the great public departments. Finally, we have the fact that the present generation of the higher Civil Servants—our real rulers in points of administrative detail—are, for the most part, invincibly ignorant both of industrial organisation and modern economics, and are usually imbued with the crudest prejudices of the Manchester School. It is in vain that Ministry after Ministry avows its intention of abandoning competition wages, and of making the Government a "model employer." The permanent heads of departments have no intention of departing from the "sound" principles which they brought into the service in 1860 or 1870. Hence, a Trade Union secretary will often declare that the Government, instead of being the best, is one of the very worst employers with whom he has to deal.

But even in the most complete and the most perfectly organised Democracy, there would be influences which would "mines," on the express ground that "they in Germany had found that the capitalistic State was the worst possible employer, and the worst enemy and opponent of the workers. There happened to be in Germany some very large State mines, and the conditions of the workers in these mines was infinitely worse than elsewhere. Now the State was indifferent during mining disputes. If it possessed all the mines, it would be as an employer more powerful and more tyrannical than a private employer" (*Daily Chronicle*, 12th June 1897). It is interesting to note that the French and Belgian delegates unanimously supported the resolution, together with a majority of the English (those from Northumberland and Durham alone dissenting), whilst the Germans, though mostly members of the Social Democratic Party, abstained.

prevent the Government, as an employer, giving universal satisfaction to the Trade Unions. Though the working-class vote would be overwhelming, each section of wage-earners would find itself a small minority among the rest, and would discover accordingly how difficult it was to force its own peculiar grievances upon public attention. And, though any section that was "underpaid" or "overworked" would get sympathetic support, there would be a strong tendency in the average man to object to any terms that were out of the common. Sections of workmen who had, under private enterprise, been enjoying exceptionally high wages or short hours, or who had been enforcing strict limitation of numbers or other monopoly conditions, would find it difficult to maintain these by appeals to the multitude. The men in these trades would accordingly, as Trade Unionists, tend always to be discontented with Government employment. Thus, public administration of industry under Democratic control will be most popular among those larger sections of the wage-earners, who at present suffer from the weakness of their strategic position, and will remain unpopular among the smaller and better organised sections, who can now take advantage of their corporate strength to exact from their private employers monopoly terms.

These considerations apply with less force to municipal employment. The Town Council, though more powerful in Collective Bargaining than any private employer, has nothing like the omnipotence of the great State Department. A strike at the municipal gas retorts, or in the workshops of the Borough Engineer, is a serious matter, which must be quickly brought to an end, under penalty of the immediate displeasure of the citizen-consumers. And whilst the Town Council is weaker than Parliament in strategic position, it is also more amenable to public opinion. Municipal electoral machinery has been more thoroughly democratised than parliamentary, and is therefore easier of access to the local unions. No great issues of foreign policy, religion, currency, or constitutional reform divide the workmen's ranks. The

moral effect of the Town Council's policy with regard to the conditions of employment is understood by every Trade Unionist. Once the Town Councillors are converted, the permanent officials have no chance of evading or obstructing the decision of the local Representative Assembly. Moreover, the lowlier grades of manual labor contribute a larger proportion of the municipal than they do of the national employees.<sup>1</sup> There is as yet nothing in the municipal service comparable to the great establishments of highly skilled shipwrights and engineers of the national dockyards and arsenals. It is, as we have suggested, far more easy for the Trade Unions to obtain electoral support for a universal "moral minimum," or "fair wages," based on the cost of subsistence, than for any superior conditions, established by trade custom or gained by strategic advantage, in respect of particular sections of workmen. We therefore find the skilled trades less hostile, as Trade Unionists, to the municipal administration of industry than to any extension of State employment, whilst the "sweated trades" and the unskilled laborers clamor for the abolition of the contractor, and the direct employment of labor, as their main hope of salvation.

If, now, we look back on the incidental features of Trade Union policy described in this chapter, we may gain some insight into the kind of social arrangements to which Trade Unionism predisposes the British workman of our own day.

Most fundamental of all considerations to the Trade Unionist is complete freedom of association. This means, that whilst the law must afford full protection to the funds of workmen's associations, it should leave them as much as possible alone; and that it should, in particular, regard nothing as criminal or actionable if done by or in pursuance

<sup>1</sup> Thus, in London in 1891, even after a general improvement of conditions, Mr. Charles Booth found that the great class of "Municipal Labor" came within six of the worst of his eighty-seven occupations, in the percentage of families living in an overcrowded condition.—*Life and Labour of the People*, vol. ix. p. 8.

of a combination of workmen which would not be criminal or actionable if done by a partnership of traders in pursuit of their own gain. But whilst the Trade Unionists insist on their combinations being let alone by the law, they wish to use the law to attain their own particular end—the systematic regulation of the conditions of employment by means of the Common Rule. Hence their desire for a completely democratised electoral system, in which the will of the majority shall really prevail. With regard to the organisation of industry, we see the Trade Unions setting themselves decidedly against any vertical cleavage of society, which interferes with the solidarity of the manual-working wage-earners as against the capitalist employers. This means that Trade Unionists, as such, are not in favor of the “abolition of the wage system,” or even of any tampering with it. They would, on the contrary, wish to see simple employment at wages supersede all forms of profit-making by manual workers. They are thus solidly against Home Work, Small Masters, and Profit-Sharing, and in favor of the Great Industry, with its bureaucratic hierarchy of salaried officials. When, however, the Great Industry passes into public administration, Trade Unionists, as such, regard the change with mixed feelings. Government Employment goes far to make two out of their three Methods impracticable, and they have as yet no confidence in the will and capacity of the House of Commons to overcome the hostility to labor of the permanent Civil Service. With local authorities the Trade Unions have a better chance, but even here, though the underpaid and overworked sections welcome municipal employment, the most highly paid unions hesitate to invite the verdict of public opinion on their restrictive regulations and monopoly conditions.



## CHAPTER XIII

### THE ASSUMPTIONS OF TRADE UNIONISM

So far we have confined ourselves to setting forth and explaining the actual policy of British Trade Unionism, as manifested in the Methods and Regulations of the several Unions, and their direct implications. We have still to examine these Methods and Regulations, together with the policy of Trade Unionism as a whole, in the light of economic science, and from the point of view of the community. But before we pass to this new task it is important to drag into full light the assumptions on which the Trade Unionists habitually base both their belief in Trade Unionism itself and their justification of particular demands. These assumptions, seldom explicitly set forth, will serve at once to explain, and in a sense to summarise, the Methods and Regulations which they inspire.

We have first the typical assumption of all reformers in all ages—the conviction that economic and social conditions can, by deliberate human intervention, be changed for the better.<sup>1</sup> Trade Unionists have never even understood the

<sup>1</sup> This belief in the possibility and desirability of deliberately altering the conditions of social life is often regarded as unscientific, if not as impious. Any intentional change is denounced as “artificial”—it being apparently supposed that changes unintentionally produced are more “natural” than others, and more likely to result in the ends we desire. Even Mr. Lecky makes it a matter of reproach to Trade Unionism, modern Radicalism, and other movements which he dislikes, that their policy is “to create a social type different from that which the unrestricted play of social forces would have produced”—a policy which he declares “belongs to the same order of ideas as the Protectionism of the past”

view—still occasionally met with—that there is an absolutely predetermined “Wage-Fund,” and that the average workman’s share of the produce depends exclusively on the arithmetical proportion between the total of this fund and the number of wage-earners. They assume, on the contrary, that the ratio in which the total product of industry is shared between the property-owners, the brain-workers, and the manual laboring class respectively, is a matter of human arrangement, and that it can be altered, effectively and permanently, to the advantage of one class or another, if the appropriate action be taken. This assumption we shall examine in detail in the next chapter.

For the improvement of the conditions of employment, whether in respect of wages, hours, health, safety, or comfort, the Trade Unionists have, with all their multiplicity of Regulations, really only two expedients, which we term, respectively, the Device of the Common Rule, and the Device of Restriction of Numbers. The Regulations which we have described in our chapters on the Standard Rate, the Normal Day, and Sanitation and Safety, are but different forms of one principle—the settlement, whether by Mutual Insurance, Collective Bargaining, or Legal Enactment, of minimum conditions of employment, by Common Rules applicable to whole bodies of workers. All these Regulations are based on the assumption that when, in the absence of any Common Rule, the conditions of employment are left to “free competition,” this always means, in practice, that they are arrived at by Individual Bargaining between contracting parties of very unequal economic strength. Such a settlement, it is asserted, invariably tends, for the mass of the

*(Democracy and Liberty, vol. ii. p. 383).* To any scientific student of sociology such language is unintelligible. “To create a social type different from that which the free play of social forces would have produced” without such “artificial intervention” is a policy which Trade Unionism shares, not only with fiscal protection, but with all education and invention, the Church of England and the Courts of Justice, private property and the family, and all other social institutions, good, bad, or indifferent. Civilisation itself is nothing but the creation of a social type different from that which the unrestricted play of social forces would have produced without the deliberate, or “artificial,” intervention of man.

workers, towards the worst possible conditions of labor—ultimately, indeed, to the barest subsistence level—whilst even the exceptional few do not permanently gain as much as they otherwise could. We find accordingly that the Device of the Common Rule is a universal feature of Trade Unionism, and that the assumption on which it is based is held from one end of the Trade Union world to the other. The Device of Restriction of Numbers stands in a different position. In our chapter on the Entrance to a Trade we have described how the Regulations embodying this device, once adopted as a matter of course, have successively been found inapplicable to the circumstances of modern industry. The assumption on which they are based—that better conditions can be obtained by limiting the number of competitors—would not be denied by any Trade Unionist, but it cannot be said to form an important part in the working creed of the Trade Union world. In summing up the economic results of Trade Unionism it is on these two Devices of the Common Rule and Restriction of Numbers that we shall concentrate our criticism.

But these initial assumptions as to the need for Trade Unionism and the efficacy of its two devices do not, of themselves, account for the marked divergence between different Unions, alike in the general character of their policy and in the Regulations which they enforce. The universal belief in a Common Rule affords, to begin with, no guidance as to how much wages the members of a particular trade will claim or receive, or how many hours they will consider to be a proper working day. There is, in fact, no “Trade Union Rate of Wages,” but many different rates—not even a “Trade Union Working Day,” but hours of labor varying from occupation to occupation. This divergence of policy comes out even more strikingly in the adoption or rejection of the Device of Restriction of Numbers, a few trades still making the strict Limitation of Apprentices and the Exclusion of Illegal Men a leading feature of their policy, whilst others throw their trades absolutely open to all comers, and

rely exclusively on the maintenance of the Common Rule. This divergence of policy and difference in type between one Trade Union and another comes out strongly in the choice of the Methods by which they enforce their Regulations. The Boilermakers, for instance, rely very largely on Collective Bargaining, whilst the Coalminers get at least as much by Legal Enactment as by any other Method. During the eighteenth century any trade wishing to enforce apprenticeship regulations turned, as a matter of course, to the law. To-day no union would resort to Parliament on such a point. A hundred and fifty years ago it was especially the skilled craftsmen who wanted their wages fixed by Legal Enactment. At present such favor as is shown to this idea comes almost exclusively from the lowlier grades of labor. On all these points the action of any particular union—the way in which it will seek to use the Device of the Common Rule—is mainly determined by the views of its members as to what is socially expedient. In the wider world of politics we see the electors supporting the policy of one or other political party mainly according as they approve or disapprove of the general conception of society on which it proceeds. The Trade Unionists, in their narrower sphere of the conditions of employment, are influenced by three divergent conceptions of the principle upon which wages, hours, and other terms of the labor contract ought to be determined. These three assumptions, which we distinguish as the Doctrine of Vested Interests, the Doctrine of Supply and Demand, and the Doctrine of a Living Wage, give us the clue to the conflicting policies of the Trade Union world.

By the Doctrine of Vested Interests we mean the assumption that the wages and other conditions of employment hitherto enjoyed by any section of workmen ought under no circumstances to be interfered with for the worse. It was this doctrine, as we have seen, which inspired the long struggle, lasting down to about 1860, against the introduction of machinery, or any innovation in processes. It is this doctrine which to-day gives the bitterness to demarcation



disputes, and lies at the back of all the Regulations dealing with the "right to a trade."<sup>1</sup> It does more than anything else to keep alive the idea of "patrimony" and the practice of a lengthened period of apprenticeship, whilst it induces the workmen of particular trades to cling fondly to the expedient of limiting the numbers entering those trades, even after experience has proved such a limitation to be impracticable. But the Doctrine of Vested Interests extends much further than these particular Regulations. There is scarcely an industry in which it will not be found, on one occasion or another, inspiring the defence of the customary rates of wages or any threatened privilege. In some cases, indeed, we find the whole argument for Trade Unionism based on this one conception. The Engineers, for instance, in 1845 supported their case by a forcible analogy. "The youth who has the good fortune and inclinations for preparing himself as a useful member of society by the study of physic, and who studies that profession with success so as to obtain his diploma from the Surgeons' Hall, or the College of Surgeons, naturally expects in some measure that he is entitled to privileges to which the pretending quack can lay no claim; and if in the practice of that useful profession he finds himself injured by such a pretender, he has the power of instituting a course of law against him. Such are the benefits connected with the learned professions. But the mechanic, though he may expend nearly an equal fortune, and sacrifice an equal portion of his life, in becoming acquainted with the different branches of useful mechanism, has no law to protect his privileges. It behoves him, therefore,

<sup>1</sup> We see this, for instance, among the Engineers. "The question as to a turner working the horizontal boring lathe at the Pallion [Works] . . . remains unsettled; the employers adhering to their right of 'selecting the men and apportioning the work.' The issue appears to be clean cut, and stated with perfect frankness. The vested interest—equally with employers—of workmen in a trade by probationary servitude is apparently to be set at naught. To displace a journeyman, as indicated, in the exercise of the 'right of selecting,' in the manner proposed, is as much a wrong as if the same process was proposed to be adopted with respect to the employer's capital."—Report of Tyneside District Delegate, in *Amalgamated Engineers' Monthly Journal*, May 1897.

on all reasonable grounds, and by all possible means, to secure the advantages of a society like this to himself."<sup>1</sup> The same idea is put with no less clearness by some of the smaller trades. "Considering," say the Birmingham Wireworkers, "that the trade by which we live is our property, bought by certain years of servitude, which gives to us a vested right, and that we have a sole and exclusive claim on it, as all will have hereafter who purchase it by the same means. Such being the case, it is evident it is our duty to protect, by all fair and legal means, the property by which we live, being always equally careful not to trespass on the rights of others. To that end we have formed this Association," etc.<sup>2</sup>

This conception of vested interests is sometimes carried as far by working men as by the powerful organisation which has latterly become distinctively known as "The Trade." Thus the Coopers, whose chief employers then as now were the brewers, were in 1883 keenly resenting the spread of education and temperance, and the threatened measure of "Local Option." "Several Yorkshire towns," remarked their official circular, "have for years until recently been great centres of industry in the export line. These centres of industry are swept away, and nothing I am sorry to say has turned up to replace them, the consequence being that all these men had to obtain blocks elsewhere. There is also the spread of education, an all-powerful influence we are bound to feel, and a blow from which we shall not easily recover. There is also that great Northern baronet, Sir Wilfrid, he too, like Demetrius the Silversmith of Macedonia, and Alexander the Athenian Coppersmith, has wrought us

<sup>1</sup> *Rules and Regulations to be observed by the Members of the Journeymen Steam Engine and Machine Makers' and Millwrights' Friendly Society* (Glasgow, 1845). This analogy is repeated in substance in many editions of the rules of the Amalgamated Society of Engineers.

<sup>2</sup> Extract from Address, prefaced to the *Rules and Regulations of the Birmingham Friendly Society of Wire Weavers*, a small union instituted August 1869. The same preamble was used by the Railway Springmakers of Sheffield in the Rules of their Society in 1860; see "Report on Trade Societies' Rules" in the *Report on Trade Societies and Strikes of the National Association for the Promotion of Social Science* (London, 1860), pp. 131-132.

much evil, and from the tone of his speeches means to continue to do so.”<sup>1</sup>

It is difficult for middle-class observers, accustomed to confine the doctrine of “vested interests” to “rights of property,” to understand the fervor and conviction with which the skilled artisan holds this doctrine in its application to the “right to a trade.” This intuitive conviction of natural right we ascribe, in great part, to the long and respectable history of the idea. Down to the middle of the eighteenth century it was undisputed. To the member of a Craft Guild or Incorporated Company it seemed as outrageous, and as contrary to natural justice, for an unlicensed interloper to take his trade as for a thief to steal his wares. Nor was this conception confined to any particular section of the community. To the economists and statesmen of the time the protection of the vested interests of each class of tradesmen appeared a no less fundamental axiom of civilised society than the protection of property in land or chattels. “Our forefathers,” said the Emperor Sigismund in 1434, “have not been fools. The crafts have been devised for this purpose that everybody by them should earn his daily bread, and nobody shall interfere with the craft of another. By this the world gets rid of its misery, and every one may find his livelihood.”<sup>2</sup> “The first rule of justice,” said the Parliament of Paris three hundred and fifty years later, “is to preserve to every one what belongs to him ; this rule consists,

<sup>1</sup> Monthly Report of the Mutual Association of Coopers, Feb. 1883. This conception of a “vested interest” in the nation’s drinking habits may be paralleled by the attempts made to give the “sanctity of property” to the employer’s power of hiring his labor cheap, or working it excessive hours. Thus Sir James Graham, speaking in the House of Commons as a responsible minister of the Crown, solemnly denounced the Ten Hours’ Bill of 1844 as “Jack Cade Legislation” (Greville’s *Journal of the Reign of Queen Victoria*, vol. ii. p. 236 ; see *The Eight Hours’ Day* by Sidney Webb and Harold Cox, London, 1891, p. 240), and a leading Lancashire manufacturer in 1860 publicly argued that “the power of the Trade Union . . . robs (for I can use no milder term) . . . the capitalist of his right to purchase.”—“Trades Unions and their Tendencies,” by Edmund Potter, a paper printed in the *Transactions of the National Association for the Promotion of Social Science*, 1860, p. 758.

<sup>2</sup> Goldasti’s *Constitutions Impériales*, vol. iv. p. 189, quoted by Dr. Brentano, p. 60 ; *History of Trade Unionism*, p. 19.

not only in preserving the rights of property, but still more in preserving those belonging to the person, which arise from the prerogative of birth and of position."<sup>1</sup> "To give to all subjects indiscriminately," argued on that occasion the eminent Advocate-General Séguier, "the right to hold a store or to open a shop is to violate the property of those who form the incorporated crafts."<sup>2</sup>

But this conception of a vested interest in a trade, though it derives sanction among an essentially conservative class from its long and venerable history, does not rest upon tradition alone. To men dependent for daily existence on continuous employment, the protection of their means of livelihood from confiscation or encroachment appears as fundamental a basis of social order as it does to the owners of land. What both parties claim is security and continuity of livelihood—that maintenance of the "established expectation" which is the "condition precedent" of civilised life. And it is easy to trace this social expediency to an elementary observation on personal character. When misfortune arrives in consequence of a man's own act or default, it may well bring the compensation of inducing him to change his habits. But when individuals or classes are overwhelmed by disasters which they could have done nothing to avert, experience shows that, though they may be led to passive resignation, they are not stimulated to self-reliance, and they are apt, on the contrary, to be rendered inert or reckless. We do not expect deliberate foresight or persistent industry from a community living on a volcano.<sup>3</sup> This, indeed, is the

<sup>1</sup> Remonstrance by the Parliament of Paris against Turgot's Decrees abolishing the Corvée and the Jurandes; *Life and Writings of Turgot*, by W. Walker Stephens, p. 132; Jobez, *La France sous Louis XVI.* i. 329-331.

<sup>2</sup> Speech of the Advocate Séguier on behalf of the Jurandes at the Lit de Justice for registering Turgot's Decree; *Life and Writings of Turgot*, by W. Walker Stephens, p. 134; *Œuvres de Turgot*, ii. 334-337; Foncin, liv. iii. c. ix.

<sup>3</sup> Buckle notices the effect of earthquakes in weakening character; "men witnessing the most serious dangers which they can neither avoid nor understand, become impressed with a conviction of their inability, and of the poverty of their own resources" (*History of Civilisation*, vol. i. p. 123). Middle-class critics often deplore the "heedlessness" as to the future—the lack of persistent carrying out of a deliberate plan of life—which marks the laborer engaged in a fluctuating



fundamental argument against anything which weakens the feeling of security of private property, that is, against any "shock or derangement being given to the expectation which has been founded on the laws of enjoying a certain portion of good."<sup>1</sup> And if we pass from the ownership of property to its occupation under contract, we shall recognise the same argument in the agitation long and successfully carried on by Irish and English farmers for a law which should secure them in their "tenant right." It has now been conceded that we cannot expect occupiers of land to exercise the self-sacrifice, foresight, and energy necessary to keep their holdings in the highest possible efficiency, if the results of their work can be arbitrarily confiscated whenever a landlord chooses to exercise his legal right of ejecting a tenant. A similar consideration lies at the base of the universal conviction in favor of a legally regulated currency. Bimetallists and monometallists alike deplore the disastrous effect on national enterprise if, in the absence of a deliberately settled standard of value, the reasonable expectations of merchants and manufacturers are set at naught by currency fluctuations over which they can have no control. We need not weary the reader by citing other instances (such as the law of patents and copyright, the universal practice of compensation for abolition of office, and all the thousand and one claims of persons "injuriously affected," which are sanctioned by the English Lands Clauses Consolidation Acts),<sup>2</sup> whereby the community has deliberately sought to defend particular trade, and, to some extent, the whole manual labor class. We attribute this characteristic difference between the English middle and working classes largely to the feeling of the weekly wage-earner that he is dependent for the continuity of his livelihood on circumstances over which he has no control, and that he is, by the modern habit of engaging and dismissing workmen for short jobs, made keenly sensible of fluctuations which he can do nothing to avert.

<sup>1</sup> Bentham, *Principles of the Civil Code*, part i. ch. vii. The Whig leaders in 1816 deprecated any discussion by the House of Commons of sinecure offices, and even of excessive salaries, on the ground, as Francis Horner wrote to Lord Holland, that "it is a ticklish thing to begin to draw subtle distinctions about property."—*Memoirs and Correspondence of Francis Horner, M.P.* (London, 1843), vol. ii. p. 386.

<sup>2</sup> *Principles of the Law of Compensation*, by C. A. Cripps, Q.C., 3rd edition (London, 1892).

persons or classes against the evil effect on character that ensues on finding their efforts and sacrifices nullified by circumstances which they were powerless to avert. When we remember this vast network of defence, built up during the present century in protection of the security and continuity of livelihood of brain-workers and property-holders, it is strange that it is just these classes who fail to comprehend the weekly wage-earner's craving for the same boon. "An industrious man," says one of the workmen's spokesmen, "having learnt a trade, or enabled by any honest means to earn a superior living, is equally entitled to an adequate indemnity if his trade or property is interfered with, or rendered less advantageous, as the owner of a water-mill, who has compensation if the water is withdrawn. Every description of property has ample protection, except the poor man's only property, his and his children's industrious habits."<sup>1</sup>

<sup>1</sup> *A Comparative Statement of the Number of Laborers employed in the Execution of the same Quantity of Work if executed by Hand or Machine*, J. Jarrold (Norwich, 1848). Sismondi pointed out in 1834 that "to make a true calculation of what society gains by any mechanical invention there must be deducted from it the loss experienced by all the working men who had been dismissed by it, till they have found an employment as advantageous as the one they had before."—"On Landed Property," in *Revue Mensuelle d'Economie Politique*, February 1834; translated in his *Political Economy and the Philosophy of Government* (London, 1837), page 168.

It is not enough to assert, as is often done, that any recognition of the workman's vested interest in his trade would be incompatible with the industrial mobility which is indispensable to modern society. The community cannot, of course, allow the vested interest of any individual or section to stand in the way of a change which is for the public benefit. This admittedly applies to all vested interests, whether in land, personal property, public offices, or anything else. But when the property owner or the holder of a public office is concerned, the necessary mobility is secured without inflicting loss on the individuals affected, by the simple device of pecuniary compensation. It is difficult to see why persons whose occupations are "injuriously affected" by a railway or other enterprise carried out by Parliamentary powers, should not be compensated for the injury done to their means of livelihood in the same way as the landowner is. This claim to legislative indemnity of displaced workmen was recognised by J. S. Mill. The social advantage derived from the application of new processes and machinery does not, he declares, "discharge governments from the obligation of alleviating, and, if possible, preventing, the evils of which this source of ultimate benefit is or may be productive to an existing generation . . . and since improvements which do not diminish employment on the whole almost always throw some particular class out of it, there cannot be a more legitimate object of the legislator's care

But although the philosophic student may recognise the common origin of all forms of "vested interest" in man's shrinking from the great social evil of a disappointment of "established expectation," he will not so readily admit the virtue of the panacea. It may well be that, as applied to particular forms of personal interest, the remedy may bring with it social evils greater than those which it cures. Thus, public opinion now sides with Turgot and Adam Smith in their denunciation of the evil effects of the close corporations, by which successive generations of craftsmen

than the interests of those who are thus sacrificed to the gains of their fellow-citizens and of posterity" (*Principles of Political Economy*, by J. S. Mill, Book I. chap. vi. sec. 3, p. 62). We are not aware of any case in which this humane principle has been acted upon. It is true that, in the case of workmen displaced by an invention, it would neither be possible nor desirable to pay them lump sums of money. But if they are willing to work the new process, there seems no equitable reason why they should not be kept on at their former wages, even at a considerable temporary loss to the community. The action of the English legislature in awarding compensation for disturbance of vested interests has, indeed, been capricious in the extreme, depending, perhaps, on the momentary political influence of the class concerned. Thus, no compensation was given to the large class of lottery keepers and their servants, either for loss of capital or loss of occupation, when private lotteries were, in 1698, suddenly prohibited. The shipowners and merchants who had invested a large capital in specially designed slave-carrying ships received no compensation when the slave trade was abolished in 1807. On the other hand, when, in 1834, the slaves in the British Colonies were converted into indentured servants, twenty millions sterling were voted to the owners, though no other country, before or after, has taken this course. The owners of Irish Parliamentary Boroughs were compensated when the Union deprived them of these seats, but the owners of English Parliamentary Boroughs, which had equally been recognised sources of income, received nothing when the Reform Bill of 1832 swept them away. In our own day, when a Town Council sets up its own works, and uses public funds to dispense altogether with its former contractors, it pays them no compensation for loss of capital or livelihood. But if the new workshops so much as darken the view from the contractor's windows, the town must pay damages. Parliament gives public authorities full power to ruin, if they can, the private owners of existing gas-works by setting up public electric lighting works, and even to destroy the business of joint-stock cemeteries by starting public burial-grounds. But the House of Commons has jealously refused to permit any Town Council to put up gas-works of its own, whilst any private gas-works are in the field as opponents; or even to sink its own wells to get a new and entirely different supply of water for the public, without first fully compensating any existing water company, not for taking away any land, works, or water, or infringing any monopoly rights, but simply for loss of income. Whether the holder of an annually granted terminable license to sell intoxicating liquors would or would not be equitably entitled to compensation if Parliament decided for the future not to renew it, is a hotly contested question.

were legally assured of a customary livelihood, whether they kept pace with the times, or jogged along contentedly in the old routine. In exactly the same strain it has been urged by opponents of the institution of private property, that, at any rate, in the form of inherited wealth, it overreaches its aim, and by securing a livelihood independent of personal exertion, positively counteracts its primary purpose of encouraging each generation to put forth its fullest energies. As against the guilds, modern democracy denies the right of any group or section to monopolise, to the exclusion of less fortunate outsiders, any opportunity of public service. In the same way opponents have argued against private property that, by creating a virtual monopoly of land and capital in the hands of a comparatively small class, the right of exclusive ownership actually hinders whole sections of citizens from that access to the instruments of production by which alone they can exercise their faculties. It is significant that almost the same phrase—"the right to work"—was used by Turgot as an argument against the guilds, and by Louis Blanc as an indictment against private property in capital and land.<sup>1</sup>

It was, however, not these general arguments that induced Parliament to throw over the vested interests of the handicraftsmen. Amid the rush of new inventions, a legal "right to a trade," or a legal limitation of apprentices, whilst it remained an irksome restriction, ceased to safeguard the workman's livelihood. The only remedy for the consequent disturbance of vested interests would have been to have stereotyped the existing industrial order, by the absolute prohibition of machinery or any other innovation. To the statesman, keen on securing the maximum national wealth, any such prohibition appeared suicidal. To the new class of enterprising captains of industry, all restrictions stood in

<sup>1</sup> "The right to work is the property of every man, and this property is the first, the most sacred, and the most inalienable of all" (Introduction to the Law for the Suppression of "Jurandes," *Œuvres de Turgot*, par E. Daire, Paris, 1844, vol. ii. p. 306). This "droit à travailler" preceded by seventy years the "droit au travail" of Louis Blanc.



the way of that free use of their capital from which they could derive private wealth. The dispossessed craftsmen could themselves devise no feasible alternative to *laissez faire*, and no one among the dominant classes thought of any means of compensation. As the Industrial Revolution progressed, the objection to any interference with mobility increased in strength. New armies of workpeople grew up, without vested interests of their own, and accordingly opposed to any conception of society which excluded them from the most profitable occupations. Finally, we have the rise in influence of the great body of consumers, loth to admit that the disappointment of the "established expectation" of particular sections of workers is any adequate ground for refraining from the cheapest method of satisfying their ever-changing desires. The result is that even Trade Unionists feel the Doctrine of Vested Interests to be out of date. It is still held with fervor by the more conservative-minded members of every trade, to whom it fully justifies such restrictive regulations as they are able to maintain.<sup>1</sup> It is naturally strongest in the remnants of the time-honored ancient handicrafts. Those who have troubled to explore the nooks and crannies of the industrial world, which have hitherto escaped the full intensity of the commercial struggle, will have found in them a peculiar type of Trade Union character. Wherever the Doctrine of Vested Interests is still maintained by the workmen, and admitted by the employers—where, that is to say, the conditions of employment are consciously based, not on the competitive battle, but on the established expectations of the different classes—we find an unusual prevalence, among the rank and file, of what we may call the "gentle" nature—that conjunction of quiet dignity, grave courtesy, and consideration of other

<sup>1</sup> Thus, even in 1897 we find an aged compositor writing, "It is useless saying we cannot resist the machine. I say we can and must. Are we to prostrate ourselves before this Juggernaut of a 'higher civilisation,' and be crushed out of existence without a protest? . . . To live by his own industry is every man's birthright, and whoever attempts to curtail that right is a traitor to the community."—Letter in *Typographical Circular*, February 1897.

people's rights and feelings, which is usually connected with old family and long-established position. But this type of character becomes every day rarer in the Trade Union world. The old Doctrine of Vested Interests has, in fact, lost its vitality. It is still secretly cherished by many workmen, and its ethical validity is, in disputes between different Trade Unions, unhesitatingly assumed by both sides. But we no longer find it dominating the mind of Trade Union leaders, or figuring in their negotiations with employers, and appeals for public support. Whatever fate may be in store for other forms of vested interests, the modern passion for progress, demanding the quickest possible adaptation of social structure to social needs, has effectually undermined the assumption that any person can have a vested interest in an occupation.

When, at the beginning of this century, the Doctrine of Vested Interests was, as regards the wage-earners, definitely repudiated by the House of Commons, the Trade Unionists were driven back upon what we have termed the Doctrine of Supply and Demand. Working men were told, by friends and foes alike, that they could no longer be regarded as citizens entitled to legal protection of their established expectations; that labor was a commodity like any other; and that their real position was that of sellers in a market, entitled to do the best they could for themselves within the limits of the law of the land, but to no better terms than they could, by the ordinary arts of bargaining, extract from those with whom they dealt. It was the business of the employer to buy "labor" in the cheapest market, and that of the workman to sell it in the dearest. It followed that the only criterion of justice of any claim was ability to enforce it, and that the only way by which the workmen could secure better conditions of employment was by strengthening their strategic position against the employer. In the *History of Trade Unionism* we have described how, after the collapse of the Owenite Utopianism of 1833-34, this doctrine came as a new spirit into the Trade Union move-

ment. Thus the Flint Glass Makers, whose strong and restrictive combination dates from 1849, have avowedly based their whole policy upon "Supply and Demand." "When," wrote their chief officer in 1869, "we find Mr. Nasmyth explaining [to the Royal Commission on Trade Unions] the advantage to the employer of a supply of surplus labor, it is easy to understand the consequences to the workmen that an unlimited supply of new hands might have in any market, and their objections to the practice. That the State should enforce any such limitation would certainly be most impolitic. But the conduct of those who refuse to work under a system of an unlimited number of apprentices appears to us precisely similar to that of those employers who insist on it. Both parties are seeking to do the best for their own interests, and neither pretends to consider the interests of those whom their conduct may affect. The masters find it cheaper to employ as many boys as they can, and they leave the displaced workmen to their own resources. The men on their side find it their interest to decline to work with an unrestricted supply of boys, and leave the unemployed youth to do the best they can for themselves. The employer declines all responsibility as to the consequences of displacing a number of middle-aged workmen by boys, on the ground that it is the interest of capital to find the cheapest labor it can. The workmen find it is the interest of their body not to work on such terms. In this battle of interest, in which neither party acknowledge any obligation beyond that of securing their own interests, absolute impartiality appears to us to be the only safe rule of the State. So long as no breach of the general law results, and no legislative restriction exists, the consequences of their conduct must be borne by each party for themselves."<sup>1</sup>

Between 1843 and 1880 the Doctrine of Supply and Demand, though never universally accepted, occupied a dominant place in the minds of most of the leaders of Trade

<sup>1</sup> Editorial in the *Flint Glass Makers' Magazine*, vol. vi. No. 7 (March 1869).

Union thought. Viewed in the light of the workmen's experience of the evils of Individual Bargaining, and of the weakness of merely local unions, it meant the establishment of strong national societies, heaping up great reserve funds, and seeking to control the supply of labor in a whole industry from one end of the kingdom to the other. It involved, moreover, the gradual substitution of a policy of inclusion for that of exclusion. Instead of jealously restricting Trade Union membership to men who had "earned" a right to the trade by a definite apprenticeship under restrictive conditions, the unions came more and more to use all lawful means of enforcing membership on every competent workman whom they found actually working at their trade, however questionable might have been the means by which he had acquired his skill. The policy with regard to apprenticeship underwent, accordingly, a subtle change. The ideas of patrimony, of the purchase and sale of "the right to a trade," and of a traditional ratio between learners and adepts, gradually faded away, to be replaced by a frank and somewhat cynical policy of so regulating the entrance to an industry as to put the members of the union in the best possible position for bargaining with the employers. This conscious manipulation of the labor market, the direct outcome of the Doctrine of Supply and Demand, took different forms in different industries. Among the Flint Glass Makers, for instance, it led to an absolutely precise adjustment, entrance to the trade and progression from grade to grade being so regulated as instantly to fill every vacancy as it occurred, but so as to leave no man in any grade unemployed. "It is," they declared, "simply a question of supply and demand, and we all know that if we supply a greater quantity of an article than what is actually demanded, that the cheapening of that article, whether it be labor or any other commodity, is a natural result."<sup>1</sup> The inference was a strict limitation of boy-labor. "Look to the rule and keep boys back; for this is the foundation of

<sup>1</sup> *History of Trade Unionism*, p. 183.



the evil, the secret of our progress, the dial on which our society works, and the hope of future generations.”<sup>1</sup> The Cotton-spinners, accepting the same assumption that their wages must depend exclusively on the strength of their strategic position in the market, find that exactly the opposite policy is the best suited to attain their end. Instead of attempting to restrict the number of boys, they insist that every spinner shall be attended by two piecers, a ratio of learners to adepts ten times as great as is needed to keep up the supply. This regulation is insisted on in all negotiations with the employers, expressly on the ground that only by such an arrangement can the union secure for its members the highest possible remuneration.<sup>2</sup> But the most obvious result of the change of doctrine was a revolution in policy with regard to wages and hours. Under the influence of the Doctrine of Vested Interests, the eighteenth-century Trade Unionists had confined themselves, in the main, to protecting their customary livelihood; asking advances, therefore, not when profits were large, but when the cost of living had risen. Under the influence of the view that wages should be determined by the strategic position of the combined wage-earners, the Trade Unionists of the middle of the present century boldly asserted a claim, in times of good trade, to the highest possible rates that they could exact from employers eager to fulfil immensely profitable orders. Middle-class public opinion, which had accepted as inevitable the starvation wages caused by Supply and Demand in the lean years, was shocked in 1872-73 at the rumor of coalminers and ironworkers, in those times of plenty, demanding ten shillings or even a pound a day, and faring sumptuously on green peas and champagne. The great captains of industry, though genuinely alarmed at the Trade Union pretensions to share in the

<sup>1</sup> *Flint Glass Makers' Magazine*, September 1857; *History of Trade Unionism*, p. 184.

<sup>2</sup> For the economics of this paradox—in our opinion more valid than the position of the Flint Glass Makers—see the subsequent chapter on “The Economic Characteristics of Trade Unionism.”

profits of good times, found it difficult to refuse this application of their own Doctrine of Supply and Demand. We find them accordingly arranging, particularly in the coal and iron industries, an intellectual compromise with the Trade Union leaders, which took form in the celebrated device of the Sliding Scale. The Durham and Northumberland coal-owners, and the North of England iron-masters, abandoned, once for all, the theory that wages should be determined by the competition of individual workmen among themselves, or by the skill in bargaining of the individual employer. They thus frankly conceded the central position of Trade Unionism, namely, the advantage of a Common Rule co-extensive with the industry. They gave up, moreover, any claim to take advantage of the glut of labor, which occurs from time to time, and which, under the Sliding Scale, is not admitted as a plea for any reduction of wages. The Trade Unionists, on their side, agreed to forego making any use of the occasional short supply of labor, when they might otherwise have secured an advance. But they also made a more important concession. By agreeing that the rate of wages should automatically vary with the price of the product, they accepted the employers' contention that the workman's income should be determined by Supply and Demand, though it was Supply and Demand applied, not directly to labor, but to the product of labor. In the coal and iron trades, the selling price of the product, as fixed by the competitive market, was taken as a rough index of the average profitableness of the industry for the time being. Thus, the workman's position, as regards his proportion of the product of industry, became that of a humble partner. But he was a partner without any share in the management—without, in particular, any voice in that adjustment of the amount of production to the intensity of demand, upon which the selling price of his product, and therefore his livelihood, necessarily depended. Hence the cry among the coal-miners that no one coal-owner should be allowed, by reckless over-production, to depress the price for the whole trade,

and so lower both profits and wages all round. They argued that, if the daily bread of half a million miners' households was to vary automatically with the price of coal—if the workmen, by agreeing to a Sliding Scale, were to forego their right to fight for better terms—then the fixing of the price, as against the consumer, should itself form a part of the general collective agreement upon which the whole industry depended.<sup>1</sup> This would have meant, in fact, a gigantic coal-trust governed by a joint committee of capitalists and workmen, regulating output, prices, and rates of wages, a combination which British coal-owners, despite several attempts, have hitherto failed to establish. The miners, except in South Wales, have therefore abandoned the Sliding Scale, and have now, as we shall presently describe, come under the influence of another doctrine.<sup>2</sup>

Meanwhile, the step which the coal-owners have never been able to take has been taken by most of the Birmingham metal trades. Since 1890 a remarkable series of "Alliances" have been concluded between the Employers' Associations and the Trade Unions of the various sections of the staple industry of Birmingham, based on the idea of a partnership

<sup>1</sup> See our chapter on "Continuity of Employment" for a description of the policy of restricting output.

<sup>2</sup> The fall of prices since 1873, to whatever cause it may be attributed, would have made any general adoption of the Sliding Scale disastrous to the wage-earners. Between 1867-77 (taken as par) and 1896, Mr. Sauerbeck's Index Number, representing the general level of prices, has fallen continuously from 100 to 61, the decline having no relation to the extent of business or to the aggregate employers' profits, both of which are much greater now than at any former period. The advocates of a Sliding Scale contemplate, it is true, a periodical revision of the basis. But in a period of falling prices, the onus of making the change would always be on the wage-earners, and even if they overcame this serious obstacle, they would necessarily stand to lose so long as each particular basis was adhered to. In a period of rising prices, as, for instance, between 1850 and 1873, the employers would be at a similar disadvantage. The fact is that, whether we adopt one assumption or another, the rate of wages has no assignable relation to the fluctuations in the price of the product. There seems no valid reason why the wage-earner should voluntarily put himself in a position in which every improvement in productive methods, every cheapening of the cost of carriage, every advance in commercial organisation, every lessening of the risks of business, every lightening of the taxes or other burdens upon industry, and every fall in the rate of interest—all of which are calculated to lower price—should automatically cause a shrinking of his wages.

between employers and workmen to increase the profitableness of the trade as a whole.<sup>1</sup> The terms of the "Alliance" between "the Associated Bedstead and Fender Mount Manufacturers, and those operatives (strip casters, stampers, spinners, turners, burnishers, dippers, and solderers) who are members of the Bedstead and Fender Mount (Operatives) Association," are typical of all these agreements. "The object of the Alliance shall be the improvement of selling prices, and the regulation of wages upon the basis of such selling prices . . . thereby securing better profits to manufacturers and better wages to workpeople." To secure this object the employers and workmen alike agree to combine against any manufacturer who sells below the agreed price, or attempts to reduce wages. "This understanding shall include a pledge on the part of the manufacturers not to employ any but association workpeople (over 21 years of age), excepting by special arrangement with the Operatives' Association," and on the part of the workmen not to work for any but those manufacturers who sell their goods at such prices as are from time to time decided upon by "a Wages Board, to be formed of an equal number of employers and employed." "The first advances of prices would be recommended to the Wages Board whenever it was considered safe to make such advance . . . that is, when all the workpeople have joined their Association, and when all the manufacturers have agreed together to sell at the prices fixed by the Employers' Association. . . . The bonus paid to the members of the Operatives' Association shall be increased at the rate of five per cent advance of bonus upon wages for every ten per cent advance . . . upon present

<sup>1</sup> These "Alliances," which form a significant even though perhaps a temporary industrial development, have elaborate printed agreements, almost identical in their terms. Some idea of the spirit underlying them may be gathered from a pamphlet, *The New Trades Combination Movement, its Principles and Methods*, by E. J. Smith (Birmingham, 1895), on behalf of the employers; and from an article by W. J. Davis (Secretary of the National Society of Amalgamated Brassworkers) in the *Birmingham and District Trades Journal* for July 1896. The *Birmingham Daily Post* for the years 1895-96 contains many articles and letters on the subject.



selling prices" (irrespective of changes in the market price of metal as the raw material).

We have in these Birmingham "Alliances," of which half a dozen have lately sprung into existence, an exceptionally developed manifestation of the doctrine that the conditions of employment should be left to Supply and Demand, or, to put it in another way, should correspond to the relative strategic position of the parties to the bargain. Each party naturally does its best, within the limits of the law, to improve its own position in the market. The workmen, finding themselves individually powerless to stand out for better terms, combine in order to strengthen themselves against the employers. The employers, on their side, combine to protect themselves against the workmen. Finally both parties, discovering no other way of maintaining the price of their product, upon which both wages and profits are deemed to depend, unite their forces in order to exact better terms from the community for the trade as a whole, and incidentally to protect themselves against what they choose to consider the unfair competition of a few individuals among them. Nor is such an alliance either so new or so unique as might be supposed. The imperfect organisation of employers and workmen alike, and the absence of a mutual understanding between them, has hitherto stood in the way of the adoption of formal or elaborate treaties of this nature. But a tacit assumption, acted on by both employers and workmen, may, in some industries, be as effective in keeping up prices and excluding competitors as a published treaty. Thus, the uniformly friendly relations between the little group of manufacturers of hand-made paper, and the union of the skilled handicraftsmen employed, are certainly maintained by a half-conscious compact to hinder new competitors from entering the trade.<sup>1</sup> And in such trades as the Plumbers, Basket-

<sup>1</sup> Thus, the employers have long allowed the union to limit most strictly the number of apprentices, even to the point of there being "not a spare hand in the trade." The workmen have frequently pointed out how well this suits the interests of the present employers, alleging that "it would be a great inducement

makers, and many others, it is common to find, in the "Working Rules," or even in the constitution of the Trade Union, a regulation inserted at the instance of the employers which prohibits or penalises work being done directly for the consumer, or for any class of employers who might become the business rivals of those who have entered into the agreement.

We see, therefore, that the Doctrine of Supply and Demand differs in the most practical way from the Doctrine of Vested Interests. Instead of being inconsistent with the facts of modern industry, it seems capable of indefinite development to meet the changing conditions of the world-commerce. Far from being antagonistic to the business spirit of the present century, it falls in with the assumption that the highest interests of Humanity are best attained by every one pursuing what he conceives to be his own interest in the manner, within the limits of the law of the land, that he thinks best for himself. It is, moreover, merely applying to the relations of capital and labor the principles which already govern the business relations of commercial men to each other. Whether the capitalist can bargain individually with his workpeople, or is forced by their combination to deal with them collectively, the Doctrine of Supply and Demand seems to put the matter on a strictly business footing. The relation between employer and wage-earner, like that between buyer and seller, becomes, in fact, merely an incident in the "beneficent private war which makes one man strive to climb on the shoulders of another and remain there."<sup>1</sup> Seen in this light, the unsystematic inequality, which is the result of the modern industrial struggle, has

for capital to enter the trade if labor could be got," but that the Trade Union regulations made the "vat trade," in effect, "a close corporation. . . . There has long been a mutual agreement between the two parties. . . . There have been little disputes from time to time, no doubt, but they have been more in the nature of family jars than anything else."—*Arbitration on the Question of an Advance in Wages* . . ., Rupert Kettle, Esq., Q.C., Arbitrator (Maidstone, 1874), p. 64.

<sup>1</sup> *Popular Government*, by Sir Henry Maine (London, 1885), p. 50.

important bearings on personal character. If the spirit of self-help causes individuals to combine for their own protection, this conscious co-operation has the advantage of encouraging, not merely energy and persistency, but also that deliberate self-control and subordination of one impulse to another, which lies at the bottom of all voluntary association. We find, in fact, that a complete intellectual acceptance of the Doctrine of Supply and Demand has much the same results upon the attitude of Trade Unionism as it has upon commercial life, and that it throws up, as leaders, much the same type of character in the one case as in the other. Those who know the Trade Union world will have no difficulty in recognising, in certain of its sections, both in corporate policy and in the characters of individual leaders, the same strong, self-reliant, and pugnacious spirit; the same impatience of sentiment, philanthropy, and idealism; the same self-complacency at their own success in the fight, and the same contempt for those who have failed; above all, the same conception of the social order, based on the axiom that "to him that hath shall be given, and from him that hath not shall be taken away even that which he hath." To the idealist who sees in Trade Unionism a great class upheaval of the oppressed against the oppressors, it comes as a shock to recognise, in the Trade Union official of this type, pushing the interests of his own clients at the expense of everybody else, merely another embodiment of the "spirit of the bagman." Nor has the believer in individual self-help any right to complain when the "spirit of the bagman" leads, not to free competition and war, but to close corporations and monopoly. When people discover that they can do better for themselves by uniting to fight some one else than by opposing each other, the very spirit of self-help impels them to combine. If they are individually free to pursue their own interest in the way they think best, it follows that they are free to combine when they think their own interest lies in that direction. "Where combination is possible," Robert Stephenson declared in 1853 with regard to

railways, "competition is impossible."<sup>1</sup> If the wage-contract is placed on the same footing as any other commercial bargain, the pursuit of the individual self-interest may be expected to work out in practice in the same manner in that as in other business transactions. "The more perfect the competition," said Professor Foxwell in 1888, "the more certain and strong is the resulting monopoly."<sup>2</sup> Where, as in the case of the London water and gas companies, the American trusts, and the German syndicates, combination pays better than competition, it will tend gradually to supersede it. If, as in the Birmingham trades, what is euphemistically termed an "alliance" between employers and workmen results in increasing both wages and profits, this strengthening of the common forces against the rest of the community will, in one form or another, tend to prevail.

But though the Doctrine of Supply and Demand is now accepted by a large section of the Trade Union world, as regards the amount of money wages, there is a strong and, as we think, a growing protest against it. The assumption that the conditions of employment should vary according to the strategic position of each section of the wage-earners, obviously works out disadvantageously for the weaker sections. To the members of the British Steel Smelters' Association, making as much as a pound a day, the Doctrine of Supply and Demand seems a reasonable assumption. The unorganised laborers by their side, working as hard and as long for a fifth of the money, are naturally disposed to take a different view. To the great army of women workers, with very few exceptions, the fixing of wages according to strategic position means, in practice, the barest possible subsistence. Even in the United Kingdom, after half a century of improvement, our foremost statistician has computed that

<sup>1</sup> Report of Select Committee on Railway and Canal Bills, 1853, Question 885.

<sup>2</sup> See Professor H. S. Foxwell's suggestive paper contributed to the British Association in 1888, on "The Growth of Monopoly and its Bearing on the Functions of the State," published in the *Revue d'Économie Politique*, September 1889.



in 1893 no fewer than 25 per cent of the whole number of adult male workers in the community received for their labor *less* than a pound a week—"that is," Sir Robert Giffen significantly added, "really below the line that one would consider expedient for a minimum subsistence."<sup>1</sup> Nor are the results upon the stronger sections of workmen altogether satisfactory. Though the Doctrine of Supply and Demand gives them high rates of pay in good times, it also brings with it the necessity of submitting, in the alternating periods of contraction, to repeated reductions of wages and lengthening of the hours of labor. There is a growing feeling among Trade Union leaders that fluctuations of this sort are unfavorable to the increase of sobriety, thrift, and deliberateness among the workmen—that a boilermaker, for instance, who earns £300 one year and £50 the next, is less likely to have a comfortable home than a Woolwich Arsenal pattern-maker, receiving a steady wage of thirty-eight shillings a week. There seems, too, a special unreasonableness in determining the hours of labor, not according to the physical strength of the worker or the nature of his task, but according to the strategic position of each section in the competitive labor market. A doctrine which results in the community getting only thirty-seven hours' work a week out of the well-nourished Northumberland coal-hewer, and only thirty-three hours a week out of the highly-paid flint glass maker, whilst forcing the laundry-women to toil for seventy hours, and the chronically underfed chain and nail operatives for eighty hours, stands self-condemned. Finally, there are some of the most vital conditions of employment to which the Doctrine of Supply and Demand is manifestly inapplicable. It is impossible, for instance, to adjust the ventilation, drainage, temperature, sanitary conveniences, and safety of a cotton-mill or an engineering establishment, in proportion to the strategic position of each of the eight or ten different sections of workpeople there employed. These conditions

<sup>1</sup> Evidence of Mr. (now Sir) Robert Giffen, Royal Commission on Labor (sitting as a whole), 24th January 1893, Question 6942.

must, in practice, be the same for the piecer and spinner, the boilermaker and his helper. If no other consideration than Supply and Demand entered into the question, it would pay the employer better to silence, by the bribe of higher wages, any minority strong enough to grumble, rather than incur the expense of improving the conditions for the whole establishment.

We reach here a point on which the community has long since become convinced that neither the Doctrine of Vested Interests, nor that of Supply and Demand affords any guide in determining the conditions of employment. In all that concerns the sanitary condition of the workplace, or the prevention of accidents, we are not content merely to protect the "established expectation" of the workmen, nor yet to leave the matter to settle itself according to the strategic position of each section. By common consent the employer is now required, in all this range of conditions, to give his workpeople, not what has been customary, nor yet what they can exact, but what, in the opinion of Parliament and its expert advisers, is necessary for their health and efficiency.

Exactly the same position has been reached with regard to the hours of labor of children in all industries, and to those of adult women in certain industries. The action of the Legislature, from 1847 down to the present day, in fixing the maximum working day for adult women workers, has been based on the assumption that the duration of toil, like the conditions of sanitation and safety, cannot properly be left to Supply and Demand, but must be deliberately determined upon expert evidence of how much factory labor the average woman can do without injury to her health. Nor has Parliament limited this assumption to women and children. By the Railway Servants (Hours of Labor) Act of 1893 it was provided that, whenever the Board of Trade is satisfied that the hours of any railway worker are excessive, or that they do not provide sufficient intervals of uninterrupted rest, the Board may require the railway company to submit, for its approval, a new schedule of hours so framed

as to bring the actual hours of work within what the Board may consider to be "reasonable limits," and may compel compliance with the revised schedule under penalty of a fine not exceeding a hundred pounds a day.<sup>1</sup> To the vast

<sup>1</sup> The average public opinion of the propertied classes on these points has been well expressed by the Right Hon. Sir Lyon (now Lord) Playfair, F.R.S., in his essay *On the Wages and Hours of Labor* (London, 1892; published by the Cobden Club). "It is to the interest of all of us that the weak should be protected against the strong; and hence it is right to enact factory laws to regulate the hours of labor for women and children, and these react without law in shortening the hours of labor of men. Children are the growing generation of men and women, and their labor should be of a kind that will not stunt their growth. True, women may be adults [why "may" ?]; and why should we class them with children? Because it is to the interest of all of us that female labor should be limited so as not to injure the motherhood and family life of a nation. . . . It is to the interests of all of us that work should be carried on in normal conditions of health, so that workshops should not maim or stunt humanity. It is not in the power of individual workmen to protect themselves from defective machinery or bad ventilation; so it is in the interests of all of us to make laws for their preservation from preventable causes of mortality." Lord Playfair then proceeds to denounce any interference by the State with regard to the hours of labor or wages of adult men, on the grounds (1) "that it would be impossible for the State to intervene in the management of trade, because, if it did so, it becomes responsible for the success or failure of each particular undertaking," and (2) "that it is, not a theory, but a law of economics surely established, that decline and degradation follow the loss of self-activity." Lord Playfair nowhere explains why these arguments do not equally negative any State interference with the hours of adult women, or any legal prescription of elaborate and costly sanitary provisions in factories containing only adult men. Nor does he explain why the same assumption of general wellbeing, upon which he justifies State interference with adult women's hours and adult men's water-closets, would not equally justify State interference with adult women's wages and adult men's hours. The whole essay is full of similar jumps from one hypothesis to another, without warning to the reader, or explanation of the reason for the substitution. It is, in fact, a remarkable instance of the manner in which even a man trained in one science will, in dealing with the subject matter of another in which he has had no systematic training, use the logic of the uneducated. It is therefore not surprising that, in the very next year after this authoritative deliverance against any State interference with the hours of adult men, it was Lord Playfair himself who piloted through the House of Lords the bill empowering the Board of Trade peremptorily to stop excessive hours of labor among railway servants, and who even resisted an amendment to confine the scope of this protective measure to persons engaged with the movement of traffic (*House of Lords Journals*, vol. cxxv. 1893). Lord Playfair has, so far as we know, not yet explained why this State intervention in the complicated railway industry has not made the Government "responsible for the success or failure of each particular undertaking"; nor yet why "decline and degradation" has not followed "the loss of self-activity" among the railway servants. The change of attitude in England with regard to regulation of the hours of railway servants has been elaborately analysed by Professor Gustav Cohn in two articles on "Die

majority of Trade Unionists the intellectual assumption on which Parliament has acted with regard to the hours of women and railway servants appears to apply all round. The average Trade Unionist unconsciously takes it for granted that the hours of labor, whether fixed by Collective Bargaining or Legal Enactment, ought to be settled without reference to the momentary strategic position of the section concerned. We have already noticed that, with one or two remarkable exceptions, the richer and more powerful sections of the wage-earners put forward no claim to shorter hours of labor than those enjoyed by their less advantageously placed colleagues, and that the successive requests for shorter hours have usually formed part of contemporary general movements extending from one end of the Trade Union world to the other, and based on the plea that the shorter working day proposed was desirable in the interests of physical health and civic efficiency.

When we pass from the circumstances amid which the wage-earner is to work, and the number of hours which he must spend in labor, to the amount of money which he will receive as wages, we find the protest against the Doctrine of Supply and Demand much less universal, and only recently becoming conscious of itself. During the whole of this century middle-class public opinion has scouted the idea that the actual money wages of the operative could possibly be governed by any other considerations than the relative strategic positions of the parties to the bargain. And although the Trade Unionists have never thoroughly accepted this doctrine, even when that of Vested Interests had become manifestly impossible, they have, until recent years, never succeeded in intelligibly setting forth any contrary view. No reader of the working-class literature for the last two hundred years can, however, doubt the existence of an abiding faith in quite another principle. Deep down in their hearts the organised workmen, even whilst holding the

*Arbeitszeit der Englischen Eisenbahnbediensteten,"* in the *Archiv fur Eisenbahnwesen* for 1892 and 1893 respectively.



Doctrine of Vested Interests, or acquiescing in that of Supply and Demand, have always cherished a feeling that one condition is paramount over all, namely, that wages must be so fixed that the existing generation of operatives should at any rate be able to live by their trade. "We ask," say the United Silk Throwers in 1872, "for a fair day's wages for a fair day's work. . . . What is a fair day's wage? Brethren, . . . no one can deny it, the due reward for our labor may be summed up in these words, Shelter, Food, and Raiment both for ourselves, our wives, and our children."<sup>1</sup> Throughout all the negotiations about Sliding Scales, we see constantly emanating from the rank and file of the operatives the demand that the Scale should begin from a minimum below which wages could under no circumstances be reduced. In this they had the support of the ablest working-class thinker of the time. "The first thing," wrote Lloyd Jones in 1874, "that those who manage trade societies should settle is a minimum which they should regard as a point below which they should never go. . . . Such a one as will secure sufficiency of food, and some degree of personal and home comfort to the worker; not a miserable allowance to starve on, but *living wages*. The present agreements they are going into, on fluctuating market prices, is a practical placing of their fate in the hands of others. It is throwing the bread of their children into a scramble of competition, where everything is decided by the blind and selfish struggles of their employers."<sup>2</sup> "I entirely agree," wrote Professor Beesly, "with an admirable article by Mr. Lloyd Jones in a recent number of the *Beehive*, in which he maintained that colliers should aim at establishing a minimum price for their labor,

<sup>1</sup> Preface to *Rules of the United Silk Throwers' Trade and Friendly Society*, "commenced 24th October 1868" (Derby, 1872). In the *Practical Uses and Remarks on the Articles of the Operative Colliers of Lanark, Dumbarton, and Renfrewshire* (Glasgow, 1825), a pamphlet preserved in the Place MSS. (27,805), the phrase occurs, "our aim is lawfully to obtain a bare *living price* for our arduous labor."

<sup>2</sup> "Should Wages be Regulated by Market Price?" *Beehive*, 18th July 1874; see also his article in the issue for 4th March 1874, and *History of Trade Unionism*, pp. 325-327.

and compelling their employers to take this into account as the one constant and stable element in all their speculations. All workmen should keep their eyes fixed on this ultimate ideal."<sup>1</sup> For fifteen years this idea of a "Living Wage" simmered in the minds of Trade Unionists. The labor upheaval of 1889 marked its definite adoption as a fundamental assumption of Trade Unionism, in conscious opposition both to the Doctrine of Vested Interests and to that of Supply and Demand. The Match Girls had no vested interests to appeal to, and Supply and Demand, to the crowd of hungry laborers struggling at the dock gates, meant earnings absolutely inconsistent with industrial efficiency. The General Manager of one of the dock companies himself admitted the fact. "The very costume," he told the House of Lords, in which the dock laborers "presented themselves to the work prevents them doing work. The poor fellows are miserably clad, scarcely with a boot on their foot, in a most miserable state; and they cannot run, their boots would not permit them. . . . There are men who come on to work in our docks (and if with us, to a much greater extent elsewhere) who come on without having a bit of food in their stomachs, perhaps since the previous day; they have worked for an hour and have earned 5d.; their hunger will not allow them to continue; they take the 5d. in order that they may get food, perhaps the first food they have had for twenty-four hours. Many people complain of dock laborers that they will not work after four o'clock. But really, if you only consider it, it is natural. These poor men come on work without a farthing in their pockets; they have not anything to eat in the middle of the day; some of them will raise or have a penny, and buy a little fried fish, and by four o'clock their strength is utterly gone; they pay themselves off; it is absolute necessity which compels them. . . . Many people complain of their not working after four, but they do not know the real reason."<sup>2</sup> The result, in fact, of leaving wages

<sup>1</sup> *Beehive*, 16th May 1874; *History of Trade Unionism*, p. 326.

<sup>2</sup> Evidence before House of Lords Committee on the Sweating System; *The*

to be settled solely by the relative strategic positions of the parties to the bargain is to drive whole sections of the population to accept earnings so low, and so irregularly discontinuous, as to be wholly insufficient for the maintenance of any muscular strength. It was, we think, this unexpected discovery, made by the House of Lords Committee on Sweating, and by Mr. Charles Booth and his colleagues, that brought public opinion to the aid of the strikers of 1889, and compelled the employers to yield, at any rate for the moment, to demands which neither the Match Girls nor the Dockers had any power to obtain by the strength of their own combinations.

Four years later the same assumption gained world-wide celebrity under Lloyd Jones's own phrase of a "Living Wage." When the members of the Miners' Federation were menaced, in the trade contraction of 1892-93, with a serious reduction of wages, they definitely repudiated the Doctrine of Supply and Demand, and maintained their right, whatever the state of trade, to a minimum sufficient to secure their efficiency as producers and citizens. "They held it as a matter of life and death," said the Vice-President of the Miners' Federation in 1892, "that any condition of trade ought to warrant the working man living. They held that it was a vital principle that a man by his labor should live, and notwithstanding all the teachings of the political economists, all the doctrines taught by way of supply and demand, they said there was a greater doctrine over-riding all these, and that was the doctrine of humanity. They believed that the working-man was worthy of his hire, and held at the present moment that wages were as low as they ever ought to be."<sup>1</sup> "We have come to the conclusion," repeated the President of the same organisation in 1894, "that prior to 1887 the men were not earning a living wage, that is, they had not sufficient wage at

*Story of the Dockers' Strike*, by Llewellyn Smith and Vaughan Nash (London, 1889), p. 47.

<sup>1</sup> Speech of Sam Woods, M.P., at the Annual Conference of the Miners' Federation of Great Britain, held at Hanley, January 1892, pp. 9-10.

the end of the week to properly feed and clothe their children and pay their way in the world. We think that thirty per cent added on to the rate of wages then paid will secure to the men what we believe to be the rate of wages which will consummate that desirable object.”<sup>1</sup>

We can now form a definite idea of the assumption which this generation has set up against the Doctrine of Supply and Demand, and which we have termed the Doctrine of a Living Wage. There is a growing feeling, not confined to Trade Unionists, that the best interests of the community can only be attained by deliberately securing, to each section of the workers, those conditions which are necessary for the continuous and efficient fulfilment of its particular function in the social machine. From this point of view, it is immaterial to the community whether or not a workman has, by birth, servitude, or purchase, acquired a “right to a trade,” or what, at any given moment, may be his strategic position towards the capitalist employer. The welfare of the community as a whole requires, it is contended, that no section of workers should be reduced to conditions which are positively inconsistent with industrial or civic efficiency. Those who adopt this assumption argue that, whilst it embodies what was good in the two older doctrines, it avoids their socially objectionable features. Unlike the Doctrine of Vested Interests, it does not involve any stereotyping of industrial processes, or the protection of any class of workers in the monopoly of a particular service. It is quite consistent with the freedom of every wage-earner to choose or change his occupation, and with the employer’s freedom to take on whichever man he thinks best fitted for his work. Thus it in no way checks mobility or stops competition. Unlike the Doctrine of Supply and Demand it does not tempt the workmen to limit their numbers, or combine with the employers to fix prices,

<sup>1</sup> *Private Minutes of Proceedings at a Joint Conference between Representatives of the Federated Coal-owners and the Miners’ Federation of Great Britain and Ireland, Lord Shand in the Chair* (London, 1894); speech of Mr. B. Pickard, M.P., p. 17.



or restrict output. It avoids, too, the evil of fluctuations of wages, in which the income of the workers varies, not according to their needs as citizens or producers, nor yet to the intensity of their exertion, but solely according to the temporary and, as far as they are concerned, fortuitous position of their trade. On the other hand, the Doctrine of a Living Wage goes far in the direction of maintaining "established expectation." Whilst it includes no sort of guarantee that any particular individual will be employed at any particular trade, those who are successful in the competition may feel assured that, so long as they retain their situations, the conditions of an efficient and vigorous working life will be secured to them.<sup>1</sup>

The most obvious drawback of the Doctrine of a Living Wage is its difficulty of application. There is, to begin with, a loss of theoretical perfection in the fact that the indispensable minimum conditions prescribed for each occupation cannot practically be adapted to the requirements of each individual, but must be roughly gauged by needs of the normal type. It may well be that a consumptive weaver or a short-sighted engineer requires, for his continued preservation, atmospheric conditions or elaborate fencing of machinery which would be wasted on the vast majority of his colleagues. It might be found that an exceptionally delicate girl ought not to work more than five hours a day, or that a somewhat backward laborer with a sick wife and a large family could not maintain himself in physical efficiency on the standard wages of his class. But this is not a practical objection. The prescription of certain minimum conditions does not prevent the humane employer from voluntarily granting to any exceptionally unfortunate individuals for whom the minimum is insufficient whatever better terms are physically

<sup>1</sup> Thus the Doctrine of a Living Wage does not profess, any more than does the Doctrine of Vested Interests or that of Supply and Demand, to solve the problem of the unemployed or the unemployable. All three doctrines are obviously consistent with any treatment of that problem, from leaving the unemployed and the unemployable to starvation or mendicancy, up to the most scientific Poor Law classification, or the most complete system of state or trade insurance.

possible. What it does prevent is the taking advantage of the strategic weakness of such individuals, and their being compelled to accept positively worse conditions of employment than their stronger colleagues. A more serious difficulty is our lack of precise knowledge as to what are the conditions of healthy life and industrial efficiency. In the matter of sanitation this difficulty has, within the past fifty years, been largely overcome. With regard to the proper limits to be set to the duration of toil, we are every year gaining more information from the doctors and the physiologists, and a Select Committee, called upon to decide upon evidence the maximum working day consistent, in any particular industry, with the healthy existence, home life, and citizenship of the average workman, would arrive, without much difficulty, at a reasonable decision. The case is very different with regard to wages. There are practically no scientific data from which we can compute the needs of particular occupations. The customary standards of life differ from class to class to such an extent as to bear no discoverable relation to the waste and repair involved in the respective social functions of the various grades. It would, it is true, be possible for our imaginary Select Committee to come to some definite conclusion as to the amount of food stuffs, clothing, and house accommodation, without which no family could, in town and country respectively, be maintained in full physical and mental health. But directly we compare the muscular exhaustion of the steel-smelter, plater, or flint glass maker, with the intensity of mental application of the cotton-spinner, engraver, or linotype operator, we have as yet no data from which to estimate the cost of the extra food, clothing, and recreation called for by the greater waste of muscle and nerve of any of these sections, over that incurred by the day laborer or the railway porter. And even if we could come to some conclusion as to the "normal ration" required to keep each trade in health, we should still be unable to decide how much must be added in each case to compensate for irregularity of employment. The stone-

masons and the painters, who are rendered idle at every frost, the boilermakers and the engineers, subject to the intense fluctuations of speculative shipbuilding, are in a very different position from the railway servants and municipal employees, whose weekly incomes are practically uninterrupted. There is yet another difficulty. If special wages were fixed to meet the special needs of particular trades, neither the employer nor the community would have any guarantee that the extra sum allowed would be spent in extra nourishment, proper recreation, or insurance against periods of unemployment. Nor are the better-paid sections of the wage-earners at all prepared for any such application of the Doctrine of a Living Wage. All the industries in which the Trade Unions have succeeded in so controlling the conditions of employment as to secure exceptional rates of payment would naturally object to any departure from the Doctrine of Supply and Demand. The plater or rivetter, earning in good times a pound a day, is quite alive to the fact that so large an income cannot be proved to be required to maintain him in full efficiency, especially when he realises how considerable a sum is actually spent by the "average sensual man" in his class on gambling and drink. And, under the capitalist system, his reluctance to give up his position of advantage is justified by the fact, that whatever was saved in wages would merely swell the incomes of the brain-workers and shareholders, whose personal expenditure, and that of their wives, seem to him even more anarchic and wasteful than that of the ordinary working-class family.<sup>1</sup> All these considerations unite to make public opinion slow to apply to money wages the assumption already acted on with regard to the sanitary conditions of employment, and to a large extent accepted with regard to the hours of labor. We

<sup>1</sup> There are sound reasons of public policy, as we shall attempt to show in our chapter on "The Economic Characteristics of Trade Unionism," why the better-paid sections should not forego their superior incomes. The Doctrine of a Living Wage, though, as we shall demonstrate, valid as far as regards the establishment of a minimum Common Rule, does not supply a complete theory of distribution.

come, therefore, to the paradox that the Doctrine of a Living Wage, which has profoundly influenced Trade Union policy and public opinion with regard to all the other conditions of employment, finds least acceptance with regard to money wages. Our own impression is that, whilst the Doctrine of Vested Interests is hopelessly out of date, and that of Supply and Demand is every day losing ground, any application of the Doctrine of a Living Wage is likely, for the present, to be only gradual and tentative. In all that concerns Sanitation and Safety it has been already adopted, in principle, by Parliament and public opinion, though the actual securing to every wage-earner of a safe and healthy place of work, irrespective alike of what may have been customary in the trade, and of the employer's fluctuating profits, or demand for labor, is, owing to apathy and ignorance, still only imperfectly accomplished. With regard to the proportion of the day to be spent in toil, public opinion emphatically accepts the same doctrine in the case of children, and, for the most part, in the case of women. The last ten years have seen, moreover, a marked tendency to apply the same principles to the hours of men, and in the case of railway servants the responsibility for preventing labor in excess of what is consistent with industrial efficiency has already been assumed by the Board of Trade. In the matter of wages, public opinion is far more undecided. Under an organisation of industry in which employment is irregular, personal expenditure is uncontrolled, and surplus value accrues to the landlord and capitalist, we cannot expect to see the Doctrine of a Living Wage adopted, with regard to money incomes, by any but those unfortunate classes whose wages are manifestly below the minimum required for full physical efficiency. The events of 1889 and 1893, and the subsequent attention paid to the wages of the lower grades of workers under public bodies, indicate an approach to the view that earnings positively inadequate for industrial efficiency ought, in the public interest, and irrespective of Supply and Demand, to be deliberately brought up to a proper level.



The foregoing exposition of the assumptions of Trade Unionism will have given the reader the necessary clue, both to the historical changes in Trade Union policy from generation to generation, and also to the diversity at present existing in the Trade Union world. As soon as it is realised that Trade Unionists are inspired, not by any single doctrine as to the common weal, but more or less by three divergent and even contradictory views as to social expediency, we no longer look to them for any one consistent and uniform policy. The predominance among any particular section of workmen, or at any particular period, of one or other of the three assumptions which we have described—the Doctrine of Vested Interests, the Doctrine of Supply and Demand, and the Doctrine of a Living Wage—manifests itself in the degree of favor shown to particular Trade Union Regulations. The general faith in the Doctrine of Vested Interests explains why we find Trade Unionism, in one industry, or at one period, expressing itself in legally enforced terms of apprenticeship, customary rates of wages, the prohibition of new processes, strict maintenance of the lines of demarcation between trades, the exclusion of “illegal men,” and the enforcement of “patrimony” and entrance fees. With the acceptance of the Doctrine of Supply and Demand we see coming in the policy of inclusion and its virtually compulsory Trade Unionism, Sliding Scales, the encouragement of improvements in machinery and the actual penalising of backward employers, the desire for a deliberate Regulation of Output and the establishment of alliances with employers against the consumer. Finally, in so far as the Doctrine of a Living Wage obtains, we see a new attention to the enforcement of Sanitation and Safety, general movements for the reduction of hours, attempts by the skilled trades to organise the unskilled laborers and women workers, denunciation of Sliding Scales and fluctuating incomes, the abandonment of apprenticeship in favor of universal education, and the insistence on a “Moral Minimum” wage below which no worker should be employed. Above all, these successive

changes of faith explain the revolutions which have taken place in Trade Union opinion as to the relation of Labor to the State. When men believe in the Doctrine of Vested Interests, it is to the common law of the realm that they look for the protection of their rights and possessions. The law alone can secure to the individual, whether with regard to his right to a trade or his right to an office, his privilege in a new process or his title to property, the fulfilment of his "established expectation." Hence it is that we find eighteenth-century Trade Unionism confidently taking for granted that all its regulations ought properly to be enforced by the magistrate, and devoting a large part of its funds to political agitations and legal proceedings. When the Doctrine of Vested Interests was replaced by that of Supply and Demand, the Trade Unionists naturally turned to Collective Bargaining as their principal method of action. Instead of going to the State for protection, they fiercely resented any attempt to interfere with their struggle with employers, on the issue of which, they were told, their wages must depend. The Common Law, once their friend, now seemed always their most dangerous enemy, as it hampered their freedom of combination, and by its definitions of libel and conspiracy, set arbitrary limits to their capacity of making themselves unpleasant to the employers or the non-unionists. Hence the desire of the Trade Unionists of the middle of this century, whilst sweeping away all laws against combinations, to keep Trade Unionism itself absolutely out of the reach of the law-courts. The growth of the Doctrine of a Living Wage, resting as this does on the assumption that the conditions of employment require to be deliberately fixed, naturally puts the State in the position of arbitrator between the workman who claims more, and the employer who offers less, than is consistent with the welfare of other sections. But the appeal is not to the Common Law. It is no longer a question of protecting each individual in the enjoyment of whatever could be proved to be his customary privileges, or to flow from identical "natural rights," but of

prescribing, for the several sections, the conditions required, in the interest of the whole community, by their diverse actual needs. We therefore see the Common Rules for each trade embodied in particular statutes, which the Trade Unionists, far from resisting, use their money and political influence to obtain. The double change of doctrine has thus brought about a return to the attitude of the Old Unionists of the eighteenth century, but with a significant difference. To-day it is not custom or privilege which appeals to the State, but the requirements of efficient citizenship. Whenever a Trade Union honestly accepts as the sole and conclusive test of any of its aspirations what we have termed the Doctrine of a Living Wage, and believes that Parliament takes the same view, we always find it, sooner or later, attempting to embody that aspiration in the statute law.

The political student will notice that there exists in the Trade Union world much the same cleavage of opinion, upon what is socially expedient, as among other classes of society. All Trade Unionists believe that the abandonment of the conditions of employment to the chances of Individual Bargaining is disastrous, alike to the wage-earners and to the community. But when, in pursuance of this assumption, they take concerted action for the improvement of their condition, we see at once emerge among them three distinct schools of thought. In the special issues and technical controversies of Trade Unionism we may trace the same broad generalisations, as to what organisation of society is finally desirable, as lead, in the larger world of politics, to the ultimate cleavage between Conservatives, Individualists, and Collectivists. The reader will have seen that there is, among Trade Unionists, a great deal of what cannot be described otherwise than as Conservatism. The abiding faith in the sanctity of vested interests; the strong presumption in favor of the *status quo*; the distrust of innovation; the liking for distinct social classes, marked off from each other by corporate privileges and peculiar traditions; the disgust at the

modern spirit of self-seeking assertiveness; and the deep-rooted conviction that the only stable organisation of society is that based on each man being secured and contented in his inherited station of life—all these are characteristic of the genuine Conservative, whether in the Trade Union or the State. In sharp contrast with this character, and, as we think, less congenial to the natural bent of the English workman, we have, in the great modern unions, a full measure of Radical Individualism. The conception of society as a struggle between warring interests; the feeling that every man and every class is entitled to all that they can get, and to nothing more; the assumption that success in the fight is an adequate test of merit, and, indeed, the only one possible; and the bounding optimism which can confidently place the welfare of the community under the guardianship of self-interest—these are typical of the “Manchester School,” alike in politics and in Trade Unionism. But in Trade Unionism, as in the larger sphere of politics, the facts of modern industry have led to a reaction. As against the Conservative, the Individualist Radical asserted that “all men are born free and equal, with equal rights to life, liberty, and the pursuit of happiness.” But it is now obvious that men are not born equal, either in capacity or in opportunity. There has accordingly arisen, in the Trade Union as in the political world, a school of thought which asserts that a free struggle among unequal individuals, or combinations of individuals, means the permanent oppression and degradation of those who start handicapped, and inevitably results in a tacit conspiracy among the more favored classes to maintain or improve their own positions of vantage at the cost of the community at large. The Collectivist accordingly insists on the need for a conscious and deliberate organisation of society, based, not on vested interests or the chances of the fight, but on the scientifically ascertained needs of each section of citizens. Thus, within the Trade Union movement, we find the Collectivist-minded working-man grounding his regulation of the conditions of employment upon what we have



called the Doctrine of a Living Wage. In the wider world of politics we see the Collectivist statesman groping his way to the similar conception of a deliberate organisation of production, regulation of service, and apportionment of income—in a word, to such a conscious adjustment of the resources of the community to its needs as will result in its highest possible efficiency. In the Trade Union world the rival assumptions exist side by side, and the actual regulation of industry is a perpetually shifting compromise between them. The political student may infer that, in the larger organisation of society, the rival conceptions of Conservatism, Individualism, and Collectivism will long co-exist. Any further application of Collectivism, whether in the Trade Union or the political world, depends, it is clear, on an increase in our scientific knowledge, no less than on the growth of new habits of deliberate social co-operation. Progress in this direction must, therefore, be gradual, and will probably be slow. And the philosophical Collectivist will, we think, foresee that, whether in the regulation of labor, the incidence of taxation, or the administration of public services, any stable adjustment of social resources to social needs must always take into account, not only the scientifically ascertained conditions of efficiency, but also the “established expectation” and the “fighting force” of all the classes concerned.



PART III

TRADE UNION THEORY





## CHAPTER I

### THE VERDICT OF THE ECONOMISTS

DOWN to within the last thirty years it would have been taken for granted, by every educated man, that Trade Unionism, as a means of bettering the condition of the workman, was "against Political Economy."<sup>1</sup> This impression was derived, not so much from any explicit declaration of the economists, as from the general view of wages which enlightened public opinion had accepted from them. The Theory of the Wage Fund, in conjunction with closely related theories of the accumulation of capital and the increase of population, seemed definitely to contradict the fundamental assumptions on which Trade Unionism depended. If Political Economy was understood to demonstrate it was plainly impossible, in any given state of capital and population, to bring about any genuine and permanent rise of wages, otherwise than in the slow course of generations, it was clearly not worth while troubling about the pretensions of workmen ignorant of economic science. Accordingly, for the first three quarters of the century we find, beyond the accustomed denunciation of outrages and strikes, practically nothing but a general and indiscriminating hostility to Trade Unionism in the

<sup>1</sup> Even the Christian Socialists, the Positivists, and the champions of labor in Parliament usually regarded the pretensions of Trade Unionism as being in contradiction to the orthodox Political Economy, in which they accordingly did not believe !

abstract, couched in the language of theoretical economics. And although the theory, with all its corollaries, has now been abandoned by economic authority, it still lingers in the public mind, and lies at the root of most of the current middle-class objections to Trade Unionism. We must therefore clear the ground of this obsolete criticism before we can proceed to estimate Trade Union pretensions in the light of the economic science of to-day.

We need not here enter into any detailed history or elaborate analysis of the celebrated Theory of the Wage Fund.<sup>1</sup> As widely popularised by J. R. M'Culloch, from 1823 onward, this theory declared that "wages depend at any particular moment on the magnitude of the Fund or Capital appropriated to the payment of wages compared with the number of laborers. . . . Laborers are everywhere the divisor, capital the dividend."<sup>2</sup> Nor was this statement confined to the truism that the average wages of the wage-receiving class was to be found by dividing the aggregate

<sup>1</sup> The most recent, and in many respects the best, account of this celebrated theory is to be found in *Wages and Capital: an Examination of the Wage Fund Doctrine* (London, 1896), by F. W. Taussig, Professor of Political Economy, in Harvard University. *A History of the Theories of Production and Distribution in English Political Economy from 1776 to 1848*, by Edwin Cannan (London, 1893), contains an acutely critical analysis. The fullest exposition of the modern economic view is, perhaps, *The Wage Question: a Treatise on Wages and the Wage Class* (New York, 1876; London, 1891), by F. A. Walker. In the *Principles of Economics* (Book VI. ch. ii. page 618 of 3rd edition, London, 1895) Professor Marshall explains in a long note what Ricardo and Mill really meant by their statements on the wage-fund.

<sup>2</sup> Article on "Wages" in *Encyclopædia Britannica* (4th edition, 1823), republished with additions as *A Treatise on the Circumstances which determine the Rate of Wages and the Condition of the Labouring Classes* (London, 1851). A widely read American follower of Ricardo and M'Culloch put the case as follows: "That which pays for labor in every country is a certain portion of actually accumulated capital, which cannot be increased by the proposed action of Government, nor by the influence of public opinion, nor by combinations among the workmen themselves. There is also in every country a certain number of laborers, and this number cannot be diminished by the proposed action of Government, nor by public opinion, nor by combinations among themselves. There is to be a division now among all these laborers of the portion of capital actually there present" (*Elements of Political Economy*, by A. L. Perry, New York, 1866, p. 122). We understand that this work has run through about twenty editions, and is still a popular text-book in the United States. An edition was published in London in 1891.

“fund devoted to their payment” by the number of the laborers for the time being. What was insisted on was that the amount of this “fund” was necessarily predetermined by the economic circumstances of the community at any given time. The amount of the “capital” depended on the extent of the savings from the product of the past. The extent of the fund to be appropriated to the payment of wages depended on how much of that capital was required for plant and materials. Hence the amount of the Wage Fund at any particular moment was absolutely predetermined, partly by the action of the community in the past, and, as suggested by Cairnes, partly by the technical character of the industries of the present.<sup>1</sup> “There is supposed to be,” wrote J. S. Mill, “at any given instant a sum of wealth which is unconditionally devoted to the payment of wages of labor. This sum is not regarded as unalterable, for it is augmented by saving and increases with the progress of society; but it is reasoned upon as at any given moment a predetermined amount. More than that amount it is assumed that the wage-receiving class cannot possibly divide among them; that amount and no less they cannot but obtain. So that the sum to be divided being fixed the wages of each depend solely on the divisor, the number of participants.”<sup>2</sup> It was a plain inference from this view that, whatever might automatically occur in the future if one factor increased faster than the other, the terms of the current bargain for

<sup>1</sup> *Some Leading Principles of Political Economy newly expounded* (London, 1874), pp. 199-200.

<sup>2</sup> Mill's review of W. T. Thornton's book *On Labour*, in *Fortnightly Review*, May 1869; reprinted in *Dissertations and Discussions* (London, 1875), vol. iv. p. 43.

This conception of a definitely limited wage-fund, all in hand at the beginning of the year, and all replaced at its close, seems to have been derived from the case of the English wheat-growing farmer, who was supposed to calculate, when he had reaped his harvest, how much he could lay out in wages until the next harvest was gathered in. A closer analogy would have been the practice of English Government Departments, such as the Admiralty Shipbuilding yards, which have allotted to them, at the beginning of each financial year, definite sums, theoretically insusceptible of increase, to be expended in wages during the year.

the hire of labor at any particular moment were, as regards the wage-earning class as a whole, absolutely unalterable, whether by law or by negotiation. "There is no use," the workmen were told, "in arguing against any one of the four fundamental rules of arithmetic. The question of wages is a question of division. It is complained that the quotient is too small. 'Well, then, how many ways are there to make a quotient larger?' Two ways. Enlarge your dividend, the divisor remaining the same, and the quotient will be larger; lessen your divisor, the dividend remaining the same, and the quotient will be larger."<sup>1</sup> The wage-earners in the aggregate were at any moment already obtaining all that could possibly be conceded to them at that moment, and any gain made by one section of them could only be made at the expense of their weaker colleagues. Conversely, any reduction suffered by one section of the wage-earners was necessarily and contemporaneously balanced by gain to some other section. "All the capital," declared M'Culloch, "through the higgling of the market will be equitably distributed among all the laborers. Hence it is idle to suppose that the efforts of the capitalists to cheapen labor can have the smallest influence on its medium price."<sup>2</sup> It followed with no less logic that any efforts of laborers in the opposite direction were equally futile. Public opinion

<sup>1</sup> *Elements of Political Economy*, by A. L. Perry, p. 123.

<sup>2</sup> Even after a lifetime of economic study, M'Culloch could deliberately repeat that "all the wealth of the country applicable to the payment of wages is uniformly, in all ordinary cases, divided among the laborers. . . . *It is impossible for the employers of labor artificially to reduce the rate of wages*" (*A Treatise on the Circumstances which determine the Rate of Wages and the Condition of the Labouring Classes*, London, 1851, pp. 48-49). "A single rich man may take advantage of a single poor man by availing himself of the necessities or simplicity of the latter. But the body of capitalists in any country will always pay away in wages to the body of working men all the funds which they have applicable to the employment of labor" (*An Essay on the Relations of Labour and Capital*, London, 1854, by C. Morrison, p. 18). Fawcett apparently retained the same view down to his death. "The capital of the country provides its wage-fund. This wage-fund is distributed amongst the whole wage-receiving population, and therefore the average of each individual's wages cannot increase unless either the number of those who receive wages is diminished, or the wage-fund is augmented."—*Manual of Political Economy*, by Henry Fawcett (London, 1869), pp. 206-207; *Life*, by Leslie Stephen (London, 1886), p. 157.



accordingly unhesitatingly refuted Trade Unionism, to use the words of one of the most eminent of modern economists, "with a summary reference to the doctrine of the wage-fund. Strikes could not increase the wage-fund, therefore they could not enhance wages. If they should appear to raise the rate in any trade, this must be due either to a corresponding loss in the regularity of employment or to an equivalent loss, in regularity or in rate, by some other trade or trades occupying a position of economical disadvantage. Hence strikes could not benefit the wages class."<sup>1</sup> But the theory went much further than the mere negating of strikes and combinations. It left no room for any elevation of the wage-earners even if the improvement justified itself by an increase in productive capacity. If one section of the wage-earners succeeded, by peaceful negotiation or law, in so bettering their own conditions of employment as positively to increase their productive efficiency, this would still bring no greater reward to the class as a whole. Though the increase in the cost of their labor might soon be made up to their employers by its greater product, yet this increased drain on the wage-fund must automatically have depressed the condition, and so lowered the efficiency of other sections, with the result that, though the inequality between the sections would have increased, the aggregate efficiency of the wage-earners as a whole would not have risen. Thus every factory act, which increased the immediate cost of woman or child labor, had to be paid for by a contemporaneous decrease in somebody's wages; and every time a new expense for sanitation or precautions against accidents was imposed on the capitalists, some of the wage-earners had automatically to suffer a diminution of income.<sup>2</sup>

<sup>1</sup> *The Wages Question*, by F. A. Walker, p. 387. M'Culloch had expressly observed in his article on "Combinations" in the *Encyclopædia Britannica* (1823) that "nothing but the merest ignorance could make it supposed that wages could really be increased by such proceedings. They depend on the principle which they cannot affect, that is on the proportion between capital and population; and cannot be increased except by the increase of the former as compared with the latter."

<sup>2</sup> It followed logically that bad legislation could not depress, and good

Though public opinion accepted the statical view of the wage-fund as conclusive against the possibility of any general alteration of the terms of the labor contract, this crude conception supplied no answer to the assertion that the workmen in any particular trade might need to defend their own wages against special encroachment, or that they might find it possible, if only at the expense of other sections of wage-earners, to exact better conditions for themselves. But here the Trade Unionists found themselves confronted with the economic "laws" determining the employment of capital. "If," observed M'Culloch, "the wages paid to the laborers engaged in any particular employment be improperly reduced, the capitalists who carry it on will obviously gain the whole amount of this reduction over and above the common and ordinary rate of profit obtained by the capitalists engaged

legislation could not raise, the condition of the wage-earners. M'Culloch and Harriet Martineau went this length with regard to Combination Laws and Factory Acts respectively. "Looking generally to the whole of the employments carried on in the country," wrote the former in 1823, and again in 1851, "we do not believe that the Combination Laws had any sensible influence on the average and usual rate of wages. That they occasionally kept wages at a lower rate in some very confined businesses than they would otherwise have sunk to may be true, *though for that very reason they must have equally elevated them in others*" (article on "Combinations" in *Encyclopædia Britannica*, 4th edition, 1823; *Treatise on the Circumstances which determine the Rate of Wages*, London, 1851, p. 80). In 1833 Harriet Martineau wrote: "Mrs. Marcet is sorry to find that Mr. E. R[omilly] and I are of the same opinion about the Factory Bill, and I am very glad. She ought to hold the same, namely that legislation *cannot* interfere effectually between parents and children in the present state of the labor-market. Our operations must be directed towards proportioning the labor and capital, and not upon restricting the exchange of the one for the other; an exchange which *must* be voluntary, whatever the law may say about it. We cannot make parents give their children a half-holiday every day in the year, unless we also give compensation for the loss of the children's labor. The case of those wretched factory children seems desperate; the only hope seems to be that the race will die out in two or three generations, by which time machinery may be found to do their work better than their miserable selves. Every one's countenance falls at the very mention of the evidence which has lately appeared in the papers" (*Harriet Martineau's Autobiography*, by Maria Weston Chapman, London, 1877, vol. iii. p. 87). It is only fair to add that Harriet Martineau, unlike M'Culloch, was converted by a wider knowledge of the facts of industrial life. She herself records how what she saw in America brought her, not only to appreciate the value of Robert Owen's ideas and to retract her former economic dogmatism, but also to believe that the future possibly lay with a Collectivist organisation of society.—*Ibid.* vol. i. p. 232.

in other businesses. But a discrepancy of this kind could not possibly continue. Additional capital would immediately begin to be attracted to the department where wages are low and profits high, and its owners would be obliged, in order to obtain laborers, to offer them higher wages. It is clear, therefore, that if wages be unduly reduced in any branch of industry, they will be raised to their proper level, without any effort on the part of the workmen, by the competition of capitalists."<sup>1</sup> Similarly, if the laborers insisted on better terms in a particular trade, this must reduce its profitableness to the employers. And capital being assumed to be both mobile and omniscient, it at once began to "flow" out of this less profitable industry, in order to "flow" in to the other trades in which the cost of labor would simultaneously and automatically have been reduced. The laborers who had raised their conditions above the "proper" level found themselves therefore between the horns of a dilemma. If they all wished to be employed at their trade, wages must go back to the old level, and (seeing that part of the previous wage-fund had been diverted away) even temporarily below it. If, on the other hand, they insisted on preserving their newly-won better conditions, it was obvious that only a smaller number of them could find employment, the more so as the portion of the wage-fund invested in that trade would positively have diminished. The displaced workmen, as it was often explained to them, would thus have killed the goose which laid the golden eggs. The few who continued to find full employment at their trade might have gained, but taking the trade as a whole, the men would clearly have lost by the transaction.<sup>2</sup> "And hence the fundamental principle, that there are no means by which wages can be raised,

<sup>1</sup> Article on "Combinations," by J. R. McCulloch, in *Encyclopædia Britannica*, 4th edition (Edinburgh, 1823), repeated in his *Treatise* of 1851.

<sup>2</sup> If the attempt to get the better conditions were made by means of Mutual Insurance or Collective Bargaining—as the economists always assumed would be the case—it would therefore almost certainly fail, as the displaced workmen would, sooner or later, be driven to compete for employment with those who succeeded in getting work, with the result that things would revert to the old level.

other than by accelerating the increase of capital as compared with population, or by retarding the increase of population as compared with capital, and every scheme for raising wages which is not bottomed on this principle, or which has not an increase of the ratio of capital to population for its object, must be completely nugatory and ineffectual."<sup>1</sup>

And when the Trade Unionists turned from the question of wages to-day, to the possibility of raising them in the following year, middle-class opinion had a no less conclusive answer to their claim. The future wage-fund that would be applicable for the payment of laborers in the ensuing year was, of course, necessarily limited by the available possessions of the community. But within that limit its amount depended on the will of the owners. They might, if they chose, consume any part of it for their own enjoyment, or they might be tempted to abstain from this consumption, and employ a larger or smaller proportion of their total possessions in productive industry. Ricardo had incidentally observed that the "motive for accumulation will diminish with every diminution of profit,"<sup>2</sup> and it was assumed without hesitation that, whatever might be the various motives for saving, these motives would be stimulated or depressed according to the rate of interest which might be expected to be gained from the capital so invested. "The higher the rate of profit in any community, the greater will be the proportion of the annual savings which is added to capital, and the greater will be the inducement to save."<sup>3</sup> It thus followed that the rate at which capital, and therefore the wage-fund, would be increased would vary according to profit, rising when the rate of profit rose, and falling when the rate of profit fell. "The greater the proportion of

<sup>1</sup> Article on "Wages," by J. R. M'Culloch, in *Encyclopædia Britannica*, 4th edition (Edinburgh, 1823); see his *Principles of Political Economy* (Edinburgh, 1825), part iii. sec. 7.

<sup>2</sup> *On the Principles of Political Economy and Taxation* (London, 1817), p. 136.

<sup>3</sup> Article on the effects of machinery in the *Westminster Review*, January 1826, by W. Ellis, quoted by J. S. Mill (*Principles of Political Economy*, Book IV. chap. iv. p. 441 of 1865 edition).



wages to profits the smaller the tendency to national accumulation."<sup>1</sup> Any rise of wages could, therefore, only be temporary, and must quickly counteract itself, for "an increase in wages reduces the profits, and reduces the inducement to save and extend business, and this again tends to a reduction of wages."<sup>2</sup> Cairnes, in an unguarded moment, went even further. "Profits," he said, "are already at or within a hand's breadth of the minimum . . . below which, if the return on capital fall, accumulation, at least for the purpose of investment, will cease for want of adequate inducement."<sup>3</sup> This automatic check on the wage-earners' pretensions applies, it is clear, to more than the money wages. If by means of a Factory Act they had secured for the future shorter hours or better sanitation, this prospect of a reduction of profits would instantly limit the capitalists' desire to accumulate, and would induce them as a class to spend more of their incomes on personal enjoyment. "There is only a certain produce," wrote one widely-read critic of Trade Unionism, "to be divided between capitalist and laborer. If more be given to the laborer than nature awards, a smaller amount will remain for the capitalist; the spirit of accumulation will be checked; less will be devoted to productive purposes; the wage-fund will dwindle, and the wage of the laborer will inevitably fall. For a time, indeed, a natural influence may be dammed back; but only to act, ultimately, with accumulated force. In the long run, God's laws will overwhelm all human obstructions."<sup>4</sup> On the

<sup>1</sup> *Trade Unionism*, by James Stirling, p. 29.

<sup>2</sup> T. S. Cree, *A Criticism of the Theory of Trades Unions* (Glasgow, 1891), p. 25.

<sup>3</sup> *Some Leading Principles of Political Economy newly expounded*, by J. E. Cairnes (London, 1874), pp. 256-258. This unlucky prophecy was written in that year of colossal business profits, 1873! At that date the yield on good "trustee" securities in England was about £4<sup>5</sup>/<sub>100</sub> per £100. It has since fallen (1897) by no less than 25 per cent, yet accumulation and investment have gone on faster than ever.

<sup>4</sup> *Trade Unionism, with Remarks on the Report of the Commissioners on Trades Unions*, by James Stirling (Glasgow, 1869), 2nd edition, 1869; new edition, 1889, pp. 26-27. This sapient work was translated into French by T. N. Bernard, and published as *L'Unionisme des Ouvriers en Angleterre*. See also the article by the same author in *Recess Studies* (Edinburgh, 1870).

other hand, if wages remained low, and the rate of profit high, the capitalists would as a class be tempted to limit their personal expenditure, in order to take advantage of the high profits by accumulating as much capital as possible. Thus, as a recent opponent of Trade Unionism quite logically explained, the laborer's "policy should be to make the position of employers as pleasant and profitable as possible, and to coax them into trade, just as a shopkeeper tries to entice customers into his shop."<sup>1</sup> If wages relatively to profits were low one year, they would tend automatically to rise next year; if they were high one year, they would automatically be depressed in the following year.<sup>2</sup>

This theory of the rate of accumulation of capital, taken in conjunction with the Theory of the Wage Fund, appeared finally to dispose of every part of the Trade Union case. But enlightened public opinion had yet another argument to adduce, one which cut at the root, not of Trade Unionism only, but of all genuine improvement of the condition of the present generation of laborers, even if the capitalists actually desired to share their own profits with them. This was the celebrated "principle of population." Malthus had proved

<sup>1</sup> T. S. Cree, *A Criticism of the Theory of Trades Unions*, p. 30.

<sup>2</sup> "While the terms of a particular bargain are of importance to the individual workman and employer concerned, they are not of much importance to the workmen and employers as a whole, as there is always a compensating action going on which is bringing wages to a true economical point."—*Ibid.* p. 10.

"The price of labor, at any given time and place, is not a matter left to the volition of the contracting parties; but is determined for them by a self-adjusting mechanism of natural forces. The amount of capital devoted to production—according to the prevalent strength of the effective desire of accumulation—determines the force of the demand for labor: the number of laborers desirous of employment—in accordance with the prevalent strength of the instinct of population—regulates the supply. All unknown to the capitalist and laborer, the rate of wages is fixed for them, by the natural adjustment of these antagonist forces; the amount of labor demanded by the whole body of capitalists on the one hand, the amount supplied by the whole body of laborers on the other. As Mr. Mill himself has tersely put it, in his *Political Economy*, 'Wages . . . depend on the ratio between population and capital.' When, therefore, the capitalist and the laborer come to divide the product of their joint industry, they find the division ready made to their hand. The profits due to the one, and the wages due to the other, have been apportioned, by the unerring agency of natural influences, and no room is left for cavil or coercion."—"Mr. Mill on Trades Unions," by James Stirling, in *Recess Studies* (Edinburgh, 1870), p. 311.

that human fecundity was, as a matter of fact, far in excess of the actual increase of population, and that the numbers of mankind were kept down by the positive checks of vice and misery, notably by the privations and hardships suffered by the poor. It was the part of wisdom to substitute, for these positive checks, that prudential restraint which delayed marriage or forewent parentage, and the only hope for the laborers lay in a great extension of this prudential restraint, so that the ratio of capital to wage-earners might increase. This hope was at best a faint one, because the prudential restraint would have to extend to the whole wage-earning class, and would have to be maintained with ever-increasing rigor, as the resulting fall in the rate of profit slackened the rate of accumulation. And whatever degree of prudence might animate the wage-earning class at any particular time, it was taken for granted that the rate of increase must habitually rise when wages increased, and fall when wages were reduced. "Thus, if combination were for a time to raise wages, the growth of the wage-fund would be unnaturally retarded, whilst a fictitious stimulus would be given to population by the momentary enrichment of the laboring class. A diminished demand for labor would coincide with an increased supply. The laborer's wages would be forced down to starvation-point; and his last state would be worse than his first."<sup>1</sup> The ratio of population to capital was, indeed, effectively defended on both sides from any but transitory alteration. If capital fell behind population, wages fell, but this very fall automatically brought about a quickening of accumulation and a slackening of the increase of population. If population fell behind capital, wages rose, but this very rise caused a check to accumulation and a stimulus to the increase of population. "Should a union succeed," said the public opinion of the last generation, "in shutting out competition, and so unnaturally raising wages and lowering profits in some particular trade, a twofold reaction tends to restore the natural equilibrium. An

<sup>1</sup> *Trade Unionism*, by James Stirling, p. 29.

increased population will add to the supply of labor, while a diminished wage-fund will lessen the demand for it. The joint action of these two principles will—sooner or later—overcome the power of any arbitrary organisation, and restore profits and wages to their natural level.”<sup>1</sup> “Against these barriers,” said Cairnes, “Trade Unions must dash themselves in vain. They are not to be broken through or eluded by any combinations however universal; for they are the barriers set by Nature herself.”<sup>2</sup>

So firmly were the various parts of the economist’s theory bolted together, that there was only one way in which it was even conceivable that a Trade Union could better the conditions of its members. If the workmen in any trade could, either by law or by an absolutely firm combination extending from one end of the kingdom to another, permanently restrict the numbers entering that trade, they might, it was admitted, gradually force their employers to offer them higher wages. Hence it was habitually assumed that the whole aim and purpose of Trade Unionism was to bring about this position

<sup>1</sup> *Trade Unionism*, by James Stirling, p. 27. “In a thickly populated country, which has no vent for its surplus population abroad, Political Economy has but one advice to give to the younger members of the poorer classes. The postponement of, or abstinence from, marriage, or *from giving birth to children*, to a very great extent, is in such a case the only available preventive against the evils of too rapid an increase of numbers.”—C. Morrison, *The Relations between Labour and Capital*, p. 51.

<sup>2</sup> *Some Leading Principles of Political Economy newly expounded*, by J. E. Cairnes (London, 1874), p. 338. In contrast with the methods of abstract reasoning, without inquiry into the facts of industry, which were pursued by the economists of the time, may be mentioned the interesting descriptions of the economic circumstances of the Sheffield trades published by Dr. G. Calvert Holland. In his *Mortality, Sufferings, and Diseases of Grinders*, part ii. (Sheffield, 1842), he gives as the result of actual observation (p. 46) that the longer a branch of the Sheffield trades has been in union, and the more perfectly it has been maintained, the higher is the rate of remuneration that the workmen receive, the lower is the degree of fluctuation in the trade, and the greater is the sobriety and thrift of the workers. He adds—“We would even go a step further and contend, that, with few exceptions, the respectability and substantial character of the manufacturers exhibit a strict relation to the same circumstances, viz. the degree to which the branch is associated. The system which gives unlimited play to competition not only lowers wages and degrades the condition of the masses, but ultimately reduces profits, narrows the liberality, and vitiates the moral tone of the manufacturers.” Dr. Calvert Holland’s observations upon the actual working of industrial competition appear to have been unknown, or at any rate unheeded, by the economists of the time.



of monopoly of a particular service. Such a monopoly was plainly inimical to the interests of the community. The increased drain on the wage-fund automatically depressed the wages of the rest of the wage-earners. Their exclusion from the ranks of the favored trade further intensified their own struggle for employment. Finally, as capital had to receive its normal rate of profit, the consumer found the price of the commodity raised against him. Fortunately, as the economists explained, such anti-social conduct could practically never succeed. Even if the monopolists managed rigidly to exclude new competitors from their trade, the rise in price would attract foreign producers, and lead to an importation of the commodity from abroad. If this were prohibited, the consumer would begin to seek alternatives for a commodity which had become too dear for his enjoyment, and invention would set to work to produce the same result by new processes, employing possibly quite a different kind of labor. One way or another the monopolists would be certain to find their trade shrinking up, so that a mere exclusion of new-comers would no longer avail them. They would find it impossible to maintain their exceptional conditions except by progressively reducing their own numbers, to the point even of ultimate extinction.

With so complete a demonstration of the impossibility of "artificially" raising wages, it is not surprising that public opinion, from 1825 down to about 1875, condemned impartially all the methods and all the regulations of Trade Unionism. To the ordinary middle-class man it seemed logically indisputable that the way of the Trade Unionists was blocked in all directions. They could not gain any immediate bettering of the condition of the whole wage-earning class, because the amount of the wage-fund at any given time was predetermined. They could not permanently secure better terms even for a particular section, because this would cause capital immediately to begin to desert that particular trade or town. They could not make any real progress in the near future, because they would thereby

check the accumulation of capital. And finally, even if they could persuade a benevolent body of capitalists to augment wages by voluntarily sharing profits, the "principle of population" lay in wait to render nugatory any such new form of "out-door relief." "The margin for the possible improvement of [the wage-earners'] lot," emphatically declared Cairnes in 1874, "is confined within narrow barriers which cannot be passed, and the problem of their elevation is hopeless. *As a body they will not rise at all.* A few, more energetic or more fortunate than the rest, will from time to time escape, as they do now, from the ranks of their fellows to the higher walks of industrial life, but the great majority will remain substantially where they are. *The remuneration of labor as such, skilled or unskilled, can never rise much above its present level.*"<sup>1</sup> Trade Unionism was, in fact, plainly "in this dilemma, that whether it fails or whether it succeeds in its immediate object, its ultimate tendency is hurtful to the laborer. If it fails, at once, in forcing higher terms on the employers of labor, the whole cost of the organisation, in money and exertion, is simply thrown away. . . . If, on the contrary, it should attain, for a time, a seeming success, the ultimate result is even worse. Nature's violated laws vindicate their authority by a sure reaction. The presumptuous mortal, who dares to set his selfish will against divine ordinances, brings on his head inevitable retribution; his momentary prosperity disappears, and he pays, in prolonged suffering, the penalty of his suicidal success."<sup>2</sup>

How far the current conceptions of economic theory

<sup>1</sup> *Some Leading Principles of Political Economy newly expounded* (London, 1874), p. 348.

<sup>2</sup> *Trade Unionism*, by James Stirling, p. 36. "The bitter hostility to trade unions, which at any rate till very recent years, was felt by the 'upper' and enlightened classes, was doubtless chiefly due to dislike of that loss of the more petty delights of power which was involved in the substitution of the relation of buyer and seller of work for the old relation of master and servant, but it was fostered by the 'population and capital' theory of wages, which really made many people believe that associations of wage-earners, however annoying and harmful to employers, must always be powerless to effect any improvement in the general conditions of the employed."—Edwin Cannan, *History of the Theories of Production and Distribution* (London, 1893), p. 393.

really corresponded with the views of the best economists of this period, we cannot here determine. Some of these economists seem to have possessed almost a genius for publishing what they did not mean to say, and the wage-fund theory, even as it appeared to M'Culloch and Nassau Senior, was probably very far from the mechanical figment of the imagination that it now seems to us. And it is only fair to point out that the theory of wages, which to-day fills so large a place in economic thought, formed only an incidental and wholly subordinate part of the teaching of the classic economists. Their minds were directed to other problems: to the evil that was being wrought by industrial and political restrictions, which the generation of statesmen whom they taught have since largely removed. Any fair appreciation of their teaching is, accordingly, as difficult for the democracy of to-day, as a balanced judgment on the Mercantile Theory was to Adam Smith and his immediate followers. Nor was the Wage Fund Theory a mere wanton invention. It expressed in a definite formula certain salient facts of the industry of that generation. The English farm laborer or factory operative was obviously dependent on the wages advanced to him week by week out of his employer's capital. It was a matter of common observation that the number of laborers taken on by the farmer, or of operatives by the mill-owner, depended on the amount of capital that he could command. At a time of rapidly growing population, and manifold new inventions, the utmost possible increase of capital was desirable, whilst the evils of the old Poor Law made almost inevitable the blind adhesion to a crude Malthusianism. The theories of the economists corresponded with the prejudices of the rising middle class, and seemed to be the outcome of every man's experience.

Meanwhile, the economists themselves were undermining the structure which they had hastily erected. Qualification after qualification was introduced, until after the last effort at rehabilitation by Cairnes in 1874, the whole notion of a wage-fund was abandoned. The economic text-books written

since that date<sup>1</sup> deal with it, if at all, only as a historical curiosity, and the theory of distribution which has taken its place, far from negating the possibility of raising the condition of the wage-earners, does not afford even a presumption against wisely-directed Trade Union action. But the discoveries of the economists have penetrated only slowly and imperfectly into the public mind, and most of the current opposition to Trade Unionism is still implicitly based on the old theory. We must therefore, at the risk of wearying the economic student, explain, in some detail, how it breaks down at every point.<sup>2</sup>

Let us consider first the statical notion of a predetermined wage-fund. It does not seem to have occurred to the inventors of this figment that, whatever limit it might set to the advances made to the laborers during the year, it in no way determined the total amount of their remuneration for the year. Even if the farmer's payments for labor up to the harvest had to be restricted to a limited portion of last year's product, this did not prevent him from distributing among the laborers, at Martinmas (the usual end of the yearly hiring), in addition to these advances, some part of the harvest just reaped. As many economists have since pointed out,

<sup>1</sup> We may cite, for instance, the economic text-books or treatises of Professors Marshall, Nicholson, Gonner, Mavor, Smart, and Symes.

<sup>2</sup> It is pointed out by Cannan, Taussig, and F. A. Walker, that the Wage Fund Theory was never accepted, to name only writers in English, by W. Thompson, R. Jones, T. C. Banfield, Montifort Longfield, H. D. Macleod, Cliffe Leslie, John Ruskin, or Thorold Rogers in our own country, or by Dr. Wayland, Amasa Walker, Bowen, Daniel Raymond, and Erasmus Peshine Smith in America. It was trenchantly attacked, not only by the Trade Unionists, the Christian Socialists, and the Positivists (see, for instance, T. J. Dunning's *Trade Unions: their Philosophy and Intention* (London, 1860), a work read and praised, but not heeded, by J. S. Mill; J. M. Ludlow's *Christian Socialism* (London, 1851); and the admirable articles on Political Economy by Frederic Harrison in the *Fortnightly Review* for 1867), but also explicitly in the language of abstract economics by Fleeming Jenkin in March 1868, in an article in the *North British Review* ("Trade Unions: how far Legitimate"), and especially by F. D. Longe in 1866, in his *Refutation of the Wages Fund Theory of Modern Political Economy, as enunciated by Mr. Mill and Mr. Fawcett* (London, 1866). The well-known attack by W. T. Thornton, entitled *On Labour, its Wrongful Claims and Rightful Dues, its Actual Present and Possible Future* (London, 1869), and the immediate recantation of the Wage Fund Theory by J. S. Mill, first really attracted economic attention to the subject.



no inconsiderable proportion of the world's laborers, especially in the whaling, fishing, and mining industries, are actually engaged on "shares," and find the amount of the last instalments of their wages for the whole venture both regulated by, and paid out of, the sum of utilities which they have themselves created.<sup>1</sup> Thus, even if there existed any predetermined portion of capital definitely ear-marked as the wage-fund, it would still be only the measure of advances, not of wages; its amount would throw no light upon the proportion of the income of the community which is obtained by the wage-earning class; and its limitation would in no wise stand in the way of the year's remuneration of the class as a whole being indefinitely augmented at the end of each year, or on the completion of each undertaking, not out of previously accumulated capital, but actually out of their own product.

But there is, in fact, no such predetermined amount applicable for the payment of wages, still less any fund set apart at the beginning of each year, or any other period. The wage-earners of the world are not, any more than the capitalists of the world, fed for the entire year out of a store of food and other necessaries, or paid out of an accumulated fund of capital, actually in hand at the beginning of the year. Whatever may be the tasks on which the workmen are engaged, they are, as a matter of fact, fed, week by week, by products just brought to market, exactly in the same way as the employer and his household are fed. They are paid their wages, week by week, out of the current cash balances of their employers, these cash balances being daily replenished by sales of the current product. The weekly drawings of the several partners in a firm come from precisely the same fund as the wages of their workpeople. Whether or not any assignable limits can be set to the possible expansion of this source of current income, it will be at once evident that there is no arithmetical impossibility in the workmen obtaining a

<sup>1</sup> This supplies Mr. Henry George (*Progress and Poverty*) with some of his most telling demonstrations of the futility of the wage-fund theory.

larger, and the employers a smaller, proportion of the total drawings for any particular week. If all the hired laborers in the world were, suddenly and simultaneously, to insist on a general rise of wages, there is no mathematical impossibility in the rise being contemporaneously balanced by an equal reduction in the aggregate current drawings of the employers. If the world's current supply of food and other necessities be supposed to be the limit, what is there to prevent the consumption of the employers and their families from being diminished? Accordingly we find John Stuart Mill, in his celebrated review of Thornton's book, unreservedly abandoning the very notion of any predetermined wage-fund. "There is no law of nature making it inherently impossible for wages to rise to the point of absorbing, not only the funds which [the employer] had intended to devote to carrying on his business, but the whole of what he allows for his private expenses beyond the necessities of life. . . . In short, there is abstractedly available for the payment of wages, before an absolute limit is reached, not only the employer's capital, but the whole of what can possibly be retrenched from his private expenditure, and the law of wages on the side of demand amounts only to the obvious proposition that the employers cannot pay away in wages what they have not got. . . . The power of Trade Unions may, therefore, be so exercised as to obtain for the laboring classes collectively both a larger share and a larger positive amount of the produce of labor."<sup>1</sup>

But though it was this statical conception of a definitely limited special wage-fund which gave the educated public its "cocksureness" against the workmen, most of the economists themselves probably laid more stress on what we have termed the dynamic aspect of the theory. If the laborers compelled the employers to agree to give them better terms for the future, this very rise of wages, causing a corresponding fall in profits, would, it was argued, cause such a diminu-

<sup>1</sup> J. S. Mill, *Fortnightly Review*, May 1869; *Dissertations and Discussions*, vol. iv. pp. 46, 48.

tion of saving as would presently counteract the rise. Thus it followed that the rate of profit on capital, together with the rate of wages, was, in any given state of mind of the saving class, really unalterable. Any accidental variation in the general rate of profit, whether upward or downward, automatically set up a reaction which continued until the normal was again reached. "Two antagonistic forces," it was said, "hold the industrial world in equilibrio. On the one hand, the principle of population regulates the supply of labor; on the other, the principle of accumulation determines the demand for it."<sup>1</sup>

Now, before examining this theory point by point, we note that it contains a series of assumptions which were neither explicitly stated nor in any way proved. It takes for granted, in the first place, that Trade Union action must necessarily diminish profits; an assumption which simply ignores the Trade Union claim—considered at length in the next two chapters—that the enforcement of a Common Rule positively increases the efficiency of industry. Secondly, we have the assumption that a diminution of profits necessarily implies a fall in the rate of interest on capital, thus leaving out of account the possibility that a rise of wages might mean simply an alteration in the shares of different grades of producers, the *entrepreneur* class (and not the mere investor) losing what the manual workers gain. Finally, we have the assumption that the heaping up of material wealth is the only way of increasing the national capital. "The older economists," says Professor Marshall, "went too far in suggesting that a rise in interest (or of profits) at the expense of wages always increased the power of saving; they forgot that from the national point of view the investment of wealth in the child of the working man is as productive as its investment in horses and machinery. . . . The middle, and especially the professional classes have always denied themselves much in order to invest capital in the education of their children, while a great part of the

<sup>1</sup> *Trade Unionism*, by James Stirling, p. 26.

wages of the working classes is invested in the physical health and strength of their children.”<sup>1</sup>

But is it true that the growth of capital depends on the rate of interest, so that “the greater the proportion of wages to profits, the smaller the tendency to national accumulation”?<sup>2</sup> Does the “motive for accumulation” diminish, as Ricardo incidentally declared, “with every diminution of profit”?<sup>3</sup> The great investigators who preceded Ricardo held an exactly opposite view. Sir Josiah Child remarked two centuries ago that the extremely low rate of interest in the Netherlands towards the close of the seventeenth century, far from diminishing accumulation, “was the *causa causans* of all the other causes of the riches of the Dutch people.” In countries where the rate of interest was high, he observed that “merchants, when they have gotten great wealth, leave trading, and lend out their money at interest, the gain thereof being so easy, certain, and great; whereas in other countries, where interest is at a lower rate, they continue merchants from generation to generation, and enrich themselves and the State.”<sup>4</sup> “Low interest,” he emphatically

<sup>1</sup> *Principles of Economics*, 3rd edition (London, 1895), Book IV. chap. vii. pp. 311, 318. The Trade Unionist may very well complain that the economists had, at any rate, no warrant for the definiteness of their assumptions. Even if it be granted that a fall in the rate of interest tends to diminish the amount saved, no reason has been given for the supposition that any particular rise in the rate of wages would necessarily tend to slacken accumulation precisely to such an extent as to cause wages to fall hereafter by the amount of the rise. If, for instance, wages rose generally by 10 per cent, and the cost fell entirely on interest, by how much per cent would the rate be thereby lowered? If it lowered the rate from 3 to  $2\frac{1}{2}$  per cent, by how much would the amount saved annually be reduced? If it reduced the amount saved annually from 200 millions to 175 millions, by how much would the general rate of wages be therefore lowered? To none of these questions can even an approximate answer be given. The tacit assumption of the economists that, other things remaining equal, a rise in wages of 10 per cent would necessarily produce such a fall in the rate of interest as would result in such a diminution of the amount annually saved as would cause wages to fall again by at least 10 per cent, will probably be considered by future ages as one of the most extraordinary chains of hypothetical reasoning ever resorted to.

<sup>2</sup> *Trade Unionism*, by James Stirling, pp. 28, 29.

<sup>3</sup> *On the Principles of Political Economy and Taxation* (London, 1817), p. 136.

<sup>4</sup> *A New Discourse of Trade*, 2nd edition (London, 1694), p. 8; quoted in *Principles of Economics*, by Professor A. Marshall, Book IV. ch. vii. p. 316 of 3rd edition (London, 1895).



declared, "is the natural mother of Frugality, Industry, and the Arts."<sup>1</sup> In Adam Smith's opinion a high rate of profit was in many ways positively injurious to national wealth. "But besides all the bad effects to the country in general," said he, "which have already been mentioned as resulting from a high rate of profit, there is one more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit seems everywhere to destroy that parsimony which in other circumstances is natural to the character of the merchant. When profits are high that sober virtue seems to be superfluous, and expensive luxury to suit better the affluence of his situation. . . . Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate; and the funds destined for the maintenance of productive labor receive no augmentation from the revenue of those who ought naturally to augment them the most. . . . Light come light go, says the proverb; and the ordinary tone of expense seems everywhere to be regulated, not so much according to the real ability of spending, as to the supposed facility of getting money to spend."<sup>2</sup> Thus he infers that, after the "profits on stock" or capital "are diminished, stock may not only continue to increase, but to increase much faster than before"<sup>3</sup>

<sup>1</sup> *A New Discourse of Trade*, 2nd edition (London, 1694), preface.

<sup>2</sup> Adam Smith, *Wealth of Nations* (London, 1776), Book IV. chap. vii. p. 276 of M'Culloch's edition.

<sup>3</sup> *Ibid.* Book I. chap. ix. p. 42.

The contrary assumption, on which so much of the opposition to Trade Unionism is still based, was, until 1848, more often implied than explicitly stated in economic treatises. Nassau Senior, who introduced to economics the term "reward of abstinence," nowhere makes the statement that the amount of saving varies with the rate of profit or interest. "Capitals," he says in one place, "are generally formed from small beginnings by acts of accumulation which become in time habitual," and in the hypothetical example he gives he actually assumes that a decrease in the rate of profit will apply a new stimulus to accumulation (*Political Economy*, p. 192). M'Culloch, too, regarded the amount of accumulation as depending only on the extent of the margin for saving, not upon the expectation of a high rate of interest or profit. "The means of amassing capital will be greatest . . . where the net profits of stock are greatest. . . .

The modern economist finds, in the actual facts of industrial life, much that supports this view. It may be true that here and there a capitalist employer, especially a manufacturer or a farmer, will strive harder to increase his capital if he sees the prospect of exceptional profit, than if he can only just pay his way, though on the other side must be set the fact that in this class high profits notoriously lead to extravagant personal expenditure, and that it is, as Adam Smith pointed out, not during periods of high profits, but rather in bad times, that luxuries are retrenched. But there is reason to believe that a large part—in these days perhaps the greater part—of the saving of the world takes place quite irrespective of the rate of interest that can be obtained for the use of the capital. The strongest motives for saving—the desire to provide for sickness and old age, or for the future maintenance of children—go on, as the hoards of the French peasantry show, whether profit or interest is reaped or not. The whole history of popular savings banks demonstrates that what is sought by the great bulk of the investing population is security for their savings, not any particular rate of interest. It is, in fact, within the experience of every savings bank that some depositors, content to get this security only, persist in increasing their deposits over the maximum on which any interest is paid. No reduction in the rate of savings bank interest ever causes anything like a proportionate reduction in the amount of the deposits; usually, indeed, it causes no visible reduction at all. At the other end of the social scale, though possibly for a different reason, accumulation appears to proceed with equal indiffer-

Give to any people the power of accumulating, and we may depend upon it they will not be disinclined to use it effectively. . . . No instance can be produced of any people having ever missed an opportunity to amass.”—*Principles of Political Economy*, 1825, part ii. sec. 2.

Mr. Cannan has drawn our attention to an article by W. Ellis in the *Westminster Review* for January 1826, which contains the first clear expression of the other view. J. S. Mill seems to have been the first systematic economist in England to give definite form to the statement that the rate of accumulation would, in any given state of wealth and habit of mind, vary with the rate of interest to be expected from capital.—*Principles of Political Economy*, Book I. chap. xi.

ence to the rate of profit. The annual savings of the Astors and Vanderbilts, the periodical re-investment of income by the Cavendishes and Grosvenors, the automatic accumulations of the Rothschilds, do not, as a matter of fact, depend on how much per cent these millionaires expect to get for their new capital, but on the amount of sheer surplus over and above their current habits of expenditure. It is, to say the least of it, extremely doubtful, as regards all the large class whose income is greatly in excess of what they need or desire to spend, whether the amount that they invest this year will be increased by any prospect that the rate of interest will be 4 instead of 3 per cent, or diminished if it is expected that the rate will be only 2 instead of 3 per cent. Finally, there is a third type of saving where the effect of any change in the rate of profit is positively in the opposite direction, the amount of accumulation being increased by a fall in the rate, and checked by a rise. A large part of the saving of the world is done with the motive of obtaining, at some future time, an income upon which to live without work. When a man saves in order to be able to retire from business or practice; when it is desired to make provision for a widow or for daughters; when the object is what is popularly known as "founding a family," it is some definite amount of annual income that is aimed at. This is especially the case with the professional and upper middle class, by whom a considerable proportion of the world's accumulation is nowadays made. If it takes £5000 a year to maintain a family in a country mansion of the accepted stamp, or if the recognised portion for each daughter is £300 a year, there is a strong stimulus to go on accumulating until the necessary capital sum has been reached, and this capital sum becomes, of course, greater if the rate of interest falls. No observer of English life can doubt that the recent fall in the rate of interest on good investments from 4 to  $2\frac{1}{2}$  per cent has, in this way, in many families not only strengthened the motive to go on working, but also positively stimulated the accumulation of capital. "As the rate of interest falls,"

says Professor Smart, "the motive of the richer classes to save rather than to consume grows stronger."<sup>1</sup> And it must not be forgotten that every fall in the rate of interest, by affording new opportunities for its profitable investment in appliances for increasing the productivity of labor, stimulates the desire to invest and presently increases the power to save. Under this head must come, too, the large and ever-increasing form of compulsory saving which is represented by public outlay on permanent works of utility. When a municipality engages in large public works, it does more than find useful investment for savings which would in any case have been made. By making arrangements for repaying the loan within a definite number of years—in England, on an average about thirty—the ratepayers, besides paying the interest, find themselves compelled to put by for the community, out of their individual incomes, before they can begin to save for themselves at all, a sum equal to the annual repayment of debt. It can scarcely be doubted that this compulsory saving, which no individual ratepayer regards as saving at all, is, like taxation generally, to a large extent retrenched from current personal expenditure, and is therefore, to this extent, a clear addition to the capital of the community. Now, the extent to which municipalities will raise loans for public works, to be thus made up by compulsory savings, depends in a very large degree on the rate of interest, rising when that falls and falling when that rises. "Accordingly," concludes Professor Nicholson, "we cannot strictly speak of a particular minimum rate in any society as necessary to accumulation in general; and if Adam Smith's opinion is well founded, we cannot even say that a rise in the rate of interest will increase, or a fall check accumulation. . . . The growth of material capital depends upon a number of variables, of which the rate of interest is only one, and is, furthermore, *indeterminate in its effect*."<sup>2</sup> To put it con-

<sup>1</sup> *Studies in Economics* (London, 1895), p. 297.

<sup>2</sup> J. S. Nicholson, *Principles of Political Economy* (Edinburgh, 1893), p. 394. Sir Josiah Child went so far as to predict that "the bringing down of interest in this kingdom from six to four or three per cent will necessarily, in less than



cretely, it is, to say the least of it, extremely doubtful whether the accumulated capital of the United Kingdom would be greater or less at the present time if the rate of interest on the best security, instead of falling to a little over 2 per cent, had remained at 5 or 6 per cent, the rate at which Pitt frequently issued Consols. Still less is it possible for the economist to predict whether, our national habits being as they are, the growth in wealth during the next hundred years would be stimulated or depressed if the rate should within that period fall even to 1 per cent. Considering, therefore, that the very poor and the very rich are, as regards the actual accumulation of material wealth, practically uninfluenced either way; that an increase of wages is likely positively to increase that highly productive form of the nation's capital, the physical strength and mental training of the manual working class; that the middle class is mainly bent on securing permanent incomes for future maintenance, and will therefore be induced to work longer and harder, and save more, the lower the rate of interest descends; that a low rate of interest both stimulates inventions and promotes their general adoption; and that municipal and national enterprise, if favored by a low rate of interest, grows by leaps and bounds, economists are beginning to assert that a rise of wages at the expense of profits would probably result, not in less, but actually in more being produced, and taking all forms of national wealth into account, that it might be expected positively to increase the productive capital of the community in one form or another. We do not understand whether Professor Marshall goes this length, but "we may conclude," he says, "in opposition to [the older economists], that any change in the distribution of wealth which gives more to the wage-receivers and less to the capitalists is likely, other things being equal, *to hasten the increase of material production*, and that it will not perceptibly retard the storing-up of material wealth."<sup>1</sup>

twenty years' time, double the capital stock of the nation."—*A New Discourse of Trade*, 2nd edition (London, 1694), p. 14.

<sup>1</sup> *Principles of Economics*, by Professor A. Marshall, 3rd edition (London,

So far the modern economic criticism of the current middle-class view takes account only of a general bettering of the conditions of labor and a general fall in the rate of profit in all trades. If now we consider the more usual case of an alteration in the profitableness of a particular industry, the modern student finds it equally impossible to come to a dogmatic conclusion against Trade Unionism. The older economists made the convenient assumption that both capital and labor were freely mobile as between one trade and another, and that it was therefore impossible for any important variations between wages and profits in different trades to be of long continuance. Here, again, the popular argument against Trade Unionism ignored the all-important element of time. If the employers in one industry happened to make large profits, additional capital, it was said, would flow into that trade, and the workmen would thus, sooner or later, find the demand for their services increased and their wages raised. But why should the workmen wait? On the economist's own showing, there would be nothing to prevent a combination of all the workmen in the trade taking advantage of the golden opportunity when profits were high, and so increasing their wages as to absorb a large share of this surplus for themselves.<sup>1</sup> There would then be no attraction for additional capital to enter the trade, and therefore no reason why the surplus should not continue to exist, to the benefit of the workmen in that trade. Their wages would have risen relatively to those in other trades, with the result that new workmen would be attracted to it. But it is not easy for men to change their trades

1895), Book IV. chap. vii. p. 311. Some economists are beginning to suggest that the world's stock of capital is largely determined by the world's need of capital—accumulation beyond industrial requirements automatically causing destruction of other capital. See the, on this point, suggestive works of Mr. J. A. Hobson.

<sup>1</sup> "When profits rise in any branch of trade above the usual rate, the masters evidently could, if they chose, afford to make over to the men as additional wages, the whole difference between their old and their new profits. They could do this if they pleased without reducing profits below the previously current and usual rate. And being able to do this it is conceivable that they might by a powerful union be constrained to do it."—W. T. Thornton, *On Labour* (London, 1870), pp. 284, 285.

with advantage, especially among the skilled crafts, and it would take some years before the increased attractiveness of the better-paid trade among boys choosing their occupations caused any appreciable increase in the number of journeymen. Moreover, this would be a clear case in which a Trade Union might by close combination or legal enactment better its conditions of employment without decreasing the amount of work for its own members, and without depriving the rest of the wage-earners of anything that they could otherwise have obtained. All that would then have happened would be that an increase in profits, which would otherwise have gone first to the capitalists, and eventually to the consumers, would have been lastingly secured by a section of the workpeople. Hence the economist's own reasoning seems to bear out the workmen's empirical conclusion, that Trade Union action is most strikingly successful when it takes the form of claiming advances at the moment that trade is profitable.

When we consider the country as a whole, in its competition with other countries, the argument, though more complicated, is equally inconclusive. If the wage-earners of one country obtain, whether by law or by negotiation, better sanitation, shorter hours, or higher wages than their colleagues in other countries, and if these better terms for labor involve a lower rate of profit on capital, it is suggested that capital will "flow" out of the relatively unprofitable country, in order to seek investment abroad. The improvement of the conditions of labor would, under these circumstances, be temporary only, as the resulting diminution of profits would bring about its own cure. To the modern financial expert, actually engaged in international transactions, this contention seems highly problematical. He sees the rates of business profits in different countries remain permanently divergent, two or three times as much being habitually earned by capitalist enterprises in one country, as compared with similar enterprises in another. In spite of the assumed international mobility of capital, even the rates of loan interest in different countries remain very far from equality. And though capital

flows here and there from time to time, the expert financier detects nothing in the nature of that promptly-flowing current from low-rate countries to high-rate countries which might be expected to bring the divergence quickly to an end, and which was assumed without evidence by a more theoretic generation. His usual explanation is that, here as elsewhere, it is far more important to the investor of capital to obtain security than to gain an increased rate of interest. This security depends upon a great variety of considerations, among which, in these democratic days, not the least important is the state of mind of the wage-earning class. Hence an improvement in the conditions of employment, made at the cost of the capitalist, far from necessarily driving more capital abroad, as Cairnes imagined, may positively tend to keep it at home. Factory legislation, compulsory sanitation, short hours of labor, a high level of wages, freedom of combination, and generally the habit of treating the wage-earners with consideration, may seem to make capital yield a lower annual return to the investor than might be gained in other countries. But if these things result in political and social stability, if they increase the amenity of life, and especially if they promise to erect a bulwark against revolution and spoliation, the investor will, as a matter of fact, prefer to see his rate of interest gradually decline if the reduction is accompanied by an increase in political security, rather than seek higher gains in more discontented, and therefore less stable communities. Thus the reaction set up by a bettering of the condition of the English workmen at the cost of the capitalist may be quite in the reverse direction to that formerly imagined. But there is another, and, as we think, more important reason for the apparently inexplicable divergence between the rates earned by capital in different countries. Capital does not of itself produce either profit or interest, and can only really be used to advantage when it is employed in conjunction with an efficient organisation of industry, an adequate supply of skilled workmen, and the indispensable element of business ability. It is



probable that the profitableness of English industry would be far more endangered by the emigration of all its skilled craftsmen, or the desertion of its genuine captains of industry, than by any merely mechanical investments in foreign lands. An increase of wages, by keeping at home the most energetic and ingenious workmen, who might otherwise have emigrated, thus tends positively to increase profits in England. But the migration of skilled workmen, and still more, that of brain-power, from one country to another, depends on many other motives than the rate of pecuniary reward. Here, again, the reaction set up by a fall in the rate of profit may be quite in the contrary direction to that formerly supposed. If an improvement in the condition of the English working classes adds to the amenity of English life, it may increase the attractiveness of England to the able business man, and so in this way positively increase the profitableness of English industry, and hence the reward of the capitalist and brain-worker, by far more than the improvement has cost. Where the business capacity is to be found, there, in the long run, will be the capital. We need not therefore be surprised to learn that there is absolutely no evidence that the past fifty years' rise in the condition of the English wage-earning class, taken as a whole, has had any effect at all in making the available capital of England less than it would have been made if the rise had not taken place. The exceptionally great fall in the rate of interest which has been so marked a feature of the period, and especially of the last twenty years, is, in fact, a slight indication that the current is nowadays rather in the opposite direction. England may have its Trade Unions, its growing regulation of private industry, and its income-tax and death-duties, but Germany has its revolutionary Social Democracy, France its political instability, the United States its tariff and currency troubles, India its famines, Cuba its chronic rebellion, and South America its revolutions. One of the greatest of the world's international financiers lately remarked, with some surprise, that, in spite of the growing pretensions

of the English legislature and the English Trade Unions to interfere with private enterprise, and to enforce more liberal conditions of employment, other countries were showing a positively increasing desire to remit their savings for investment in English enterprises, and London seemed to be becoming more attractive than ever to the able business man.

The abstract theories of wages and profits, which public opinion once thought so conclusive against the Trade Unionist assumptions, are thus seen, in the light of economic science, to crumble away. But there were many educated men, especially in the world of physical science and natural history, who never accepted the wire-drawn arguments of the Wage Fund, but who nevertheless saw, in the "principle of population," a biological barrier to any real success of Trade Unionism. Of what avail could it be for combinations of workmen to struggle and strive for higher wages, when those higher wages would only lead automatically to an increase of population, which must inevitably pull down things again to the old level? As one sympathetic friend of progress regretfully expressed it, it was "the devastating torrent of children" that blocked the way to any improvement of the conditions of labor.<sup>1</sup>

Now, it is interesting to observe that, whereas the Theory of the Wage Fund stood in opposition to every kind of improvement of the conditions of employment, the "principle of population" was supposed to negative only an increase in money wages, or, more precisely, in the amount of food obtained by the manual workers. No one suggested that improved conditions of sanitation in the factory had any tendency to raise the birth-rate; and it would have needed a very fervid Malthusianism to prove that a shortening of the hours of labor resulted in earlier marriages. No argument could therefore be founded on the "principle of population" against Trade Union efforts to improve the

<sup>1</sup> "If only the devastating torrent of children could be arrested for a few years it would bring untold relief."—J. Cotter Morison, *The Service of Man* (London, 1887), preface, p. xxx.

conditions of sanitation and safety, or to protect the Normal Day. And the economists quickly found reason to doubt whether there was any greater cogency in the argument with regard to wages. Malthus and Ricardo had habitually written as if the fluctuations in wages meant merely more or less bread to the laborer's family, and the public assumed therefore that every rise of wages implied that more children would be brought up, and that every fall would result in a diminution. But the wage-earning population, in 1820 as now, included any number of separate grades, from the underfed agricultural laborer of Devonshire, whose wages were only eight shillings a week, to the London millwright who refused to accept a job under two guineas a week. Though it might be true that a rise in wage to the underfed laborer enabled him to bring up more children to maturity, and might even induce him to marry at an earlier age, it did not at all follow that a rise of wages would have the same effect on the town artisan or factory operative, who was already getting more than the bare necessities of existence. To the one class more wages meant chiefly more food; to the other it meant new luxuries or additional amenities of life. The economists were quickly convinced that a new taste for luxuries or a desire for additional amenities had a direct effect in developing prudential restraint. M'Culloch himself emphatically declared, on this very ground, that "the best interests of society require that the rate of wages should be elevated as high as possible—that a taste for the comforts, luxuries, and enjoyments of human life should be widely diffused, and, if possible, interwoven with the national habits and prejudices."<sup>1</sup> From the Malthusian point of view, the presumption was, as regards the artisans and factory operatives, always in favor of a rise in wages. For "in the vast majority of instances, before a rise of wages can be counteracted by the increased number of laborers it may be supposed to be the means of bringing into the market, time is afforded for the formation

<sup>1</sup> *Principles of Political Economy*, part iii. sec. 7.

of those new and improved tastes and habits, which are not the hasty product of a day, a month, or a year, but the late result of a long series of continuous impressions. After the laborers have once acquired these tastes, population will advance in a slower ratio, as compared with capital, than formerly; and the laborers will be disposed rather to defer the period of marriage, than, by entering on it prematurely, to depress their own condition and that of their children." In the same way, the presumption was strongly against any reduction of the wages of any classes who were receiving more than bare subsistence. "A fall of wages," continues M'Culloch, "has therefore a precisely opposite effect, and is, in most cases, as injurious to the laborer as their rise is beneficial. In whatever way wages may be restored to their former level after they have fallen, whether it be by a decrease in the number of marriages, or an increase in the number of deaths, or both, it is never, except in . . . exceedingly rare cases . . . suddenly effected. It must, generally speaking, require a considerable time before it can be brought about; and an extreme risk arises in consequence lest the tastes and habits of the laborers, and their opinion respecting what is necessary for their comfortable subsistence, should be degraded in the interim. . . . The lowering of the opinions of the laboring classes, with respect to the mode in which they ought to live, is perhaps the most serious of all the evils that can befall them. . . . The example of such individuals, or bodies of individuals, as submit quietly to have their wages reduced, and who are content if they get only the mere necessaries of life, ought never to be held up for public imitation. On the contrary, everything should be done to make such apathy be esteemed disgraceful."<sup>1</sup> There could not be a more emphatic justification of Trade Union effort. The ordinary middle-class view that the "principle of population" rendered nugatory all attempts to raise wages, otherwise than in the slow course of generations, was, in fact, based on sheer ignorance, not only of the facts

<sup>1</sup> *Principles of Political Economy*, part iii. sec. 7.



of working-class life, but even of the opinions of the very economists from whom it was supposed to be derived.<sup>1</sup> So far were the classic economists from believing it to be useless to raise the wages even of the laborers, that M'Culloch emphatically declared that "an increase of wages is the only, or at all events the most effectual and ready means by which the condition of the poor can be really improved."<sup>2</sup>

The modern student of the population question finds even less ground for apprehension than M'Culloch. The general death-rate of the United Kingdom, like that of all civilised countries, has steadily declined during the past half-century of sanitation, but no connection can be traced between this fall and any rise of wages; there is, indeed, some slight reason to believe that the death-rate has fallen most among some sections of the wage-earners (for instance, women of all ages) and in some districts (for instance, the great cities) where the rise in wages has been relatively less than elsewhere. But what the fanatical Malthusian most relied on was the increase in births. To him it seemed absolutely demonstrable that, in any given state of the working-class, an increase of wages must inevitably be followed by an increase of births. That the number of

<sup>1</sup> M'Culloch expressly denied that, on a rise in wages, population would naturally increase proportionately to the rise, "as it is sometimes alleged it would. . . . It is not improbable merely, but next to impossible, that population should increase in the same proportion."—Note VI. to his edition of the *Wealth of Nations* (London, 1839), p. 473.

<sup>2</sup> J. R. M'Culloch, *A Treatise on the Circumstances which determine the Rate of Wages* (London, 1851), p. 49.

Nassau Senior also protested against the public view. "Those whose acquaintance with Political Economy is superficial (and they form the great mass of even the educated classes) have been misled by the form in which the doctrine of population has been expressed. . . . Because increased means of subsistence may be followed and neutralised by a proportionate increase in the number of persons to be subsisted, they suppose that such *will* necessarily be the case. . . . This doctrine . . . furnishes an easy escape from the trouble or expense implied by every project of improvement. 'What use would it be?' they ask. ' . . . If food were for a time more abundant, in a very short period the population would be again on a level with the means of subsistence, and we should be just as ill off as before.' We believe these misconceptions to be extensively prevalent."—Nassau W. Senior, *Political Economy*, 2nd edition, in *Encyclopædia Metropolitana* (London, 1850), p. 50.

marriages went up and down according to the price of wheat was a universally accepted generalisation. But that generalisation, whatever may have been its truth a hundred years ago, has long ceased to have any correspondence with fact. The marriage-rate of the England of this generation, drooping slowly downwards, bears no assignable relation either to the falling prices of commodities, the rising wages of male labor, or the growing prosperity of the country. What is more important, the birth-rate has ceased to have any uniform relation to the marriage-rate. The economists have always looked with longing eyes on the example of France, where the growth of population, and particularly the number of births to a marriage, had, even when J. S. Mill wrote in 1848, shown a steady decline, to which Mill attributed much of the economic progress of the peasant proprietors. This decline in the birth-rate is now seen to be universal throughout North-Western Europe. Our own country is no exception. Down to 1877, the birth-rate of England and Wales had shown no sign of falling off, the rate for each year oscillating about the mean of 35 per thousand. But since 1877 the reduction has been great and continuous, the rate in 1895 being only 30.4 compared with 36.3 in 1876, a fall almost identical with that in France between 1800 and 1850, which filled J. S. Mill with so much hope.<sup>1</sup>

Unfortunately, though the decline in the English birth-rate has now continued for twenty years, there has been as yet no scientific investigation into its cause. It cannot be ascribed to increased poverty or privation of the nation, or of the working-class, for, as compared with previous times, there can be no doubt that the incomes of the English wage-earners have, on the whole, risen; prices of commodities have fallen; and the general prosperity of the country has greatly increased.<sup>2</sup> And the impression of statisticians is that the

<sup>1</sup> *Principles of Political Economy*, Book II. ch. vii. p. 178 of edition of 1865. The average birth-rate of France between 1801-10 and 1841-50 fell about 5 per 1000.

<sup>2</sup> For an estimate of this progress see *Labor in the Longest Reign*, by Sidney Webb (London, 1897).

diminution in the birth-rate throughout North-Western Europe has not taken place among the poorest sections of the community. "After the researches of Quetelet in Brussels, Farr in London, Schwabe in Berlin, Villermé and Benoison de Chateauneuf in Paris, it is no longer possible to doubt that the maximum of births takes place among the poorer class, and that poverty itself is an irresistible inducement to an abundant and disordered birth-rate."<sup>1</sup> Such facts as are now beginning to be known point to the conclusion that the fall in the birth-rate is occurring, not in those sections of the community which have barely enough to live on, but in those which command some of the comforts of life—not in the "sweated trades," or among the casual laborers, but among the factory operatives and skilled artisans. We can adduce only one piece of statistical evidence in support of this hypothesis, but that one piece is, we think, full of significance.

The Hearts of Oak Friendly Society is the largest centralised Benefit Society in this country, having now over two hundred thousand adult male members. No one is admitted who is not of good character, and in receipt of wages of twenty-four shillings a week, or upwards. The membership consists, therefore, of the artisan and skilled operative class, with some intermixture of the small shopkeeper, to the exclusion of the mere laborer. Among its provisions is

<sup>1</sup> *Population and the Social System*, F. Nitti (London, 1894), pp. 153-162. Adam Smith had observed that poverty "seems even to be favorable to generation" (*Wealth of Nations*, Book I. chap. viii. p. 36). Professor Nitti has his own explanation of the fact: "The long working days of 12, 14, and 15 hours make their intellectual improvement impossible, and compel them to seek their sole enjoyments in those of the senses. Compelled to work for many hours in places heated to a great temperature, often promiscuously with women; obliged to live upon substances which, if insufficient for nutrition, frequently cause a permanent excitability; persuaded that no endeavor will better their condition, they are necessarily impelled to a great fecundity. Add to this that the premature acceptance of children in workshops leads the parents to believe that a large family is much rather a good than an evil, even with respect to family comfort. . . . It is clearly to be seen that a very high birth-rate always corresponds with slight wages, long days of work, bad food, and hence a bad distribution of wealth. . . . Nothing is more certain to fix limits to the birth-rate than high wages, and the diffusion of ease." "Poverty," Darwin had observed, "is not only a great evil, but tends to its own increase by leading to recklessness in marriage."—*The Descent of Man* (London, 1871), vol. ii. p. 403.

the "Lying-in Benefit," a payment of thirty shillings for each confinement of a member's wife. From 1866 to 1880 the proportion of lying-in claims to membership slowly rose from 21.76 to 24.72 per 100. *From 1880 to the present time it has continuously declined, until it is now only between 14 and 15 per 100.*

The "devastating torrent of children" in this million of souls, forming  $2\frac{1}{2}$  per cent of the whole population of the United Kingdom, has accordingly fallen off by no less than two-fifths, only fourteen being born where formerly twenty-four would have seen the light. *The reduction of the birth-rate in this specially thrifty group of workmen's families has been more than twice the reduction in the community as a whole.* The average age of the members has not appreciably changed, having remained throughout between 34 and 36. The well-known actuary of the Society, Mr. R. P. Hardy, watching the statistics year by year, and knowing intimately all the circumstances of the organisation, attributes this startling reduction in the number of births of children to these specially prosperous and specially thrifty artisans entirely to their deliberate desire to limit the size of their families.<sup>1</sup>

<sup>1</sup> Our own impression, based on ten years' special investigation into English working-class life, coincides with Mr. Hardy's inference. There can be no doubt that the practice of deliberately taking steps to limit the size of the family has, during the last twenty years, spread widely among the factory operatives and skilled artisans of Great Britain. We may remind the reader that the Malthusian propaganda of Francis Place and J. S. Mill was greatly extended, and for the first time brought prominently before the mass of the people, by Charles Bradlaugh, M.P., and Mrs. Annie Besant. (In chap. iii. of his pamphlet, *Die künstliche Beschränkung der Kinderzahl als sittliche Pflicht*, 5th edition (Berlin, 1897), Dr. Hans Ferdy gives a careful history of this movement.) It is at any rate interesting to note that the beginning in the fall of the birth-rate (1877) coincides closely with the enormous publicity given to the subject by the prosecution of these propagandists in that very year.

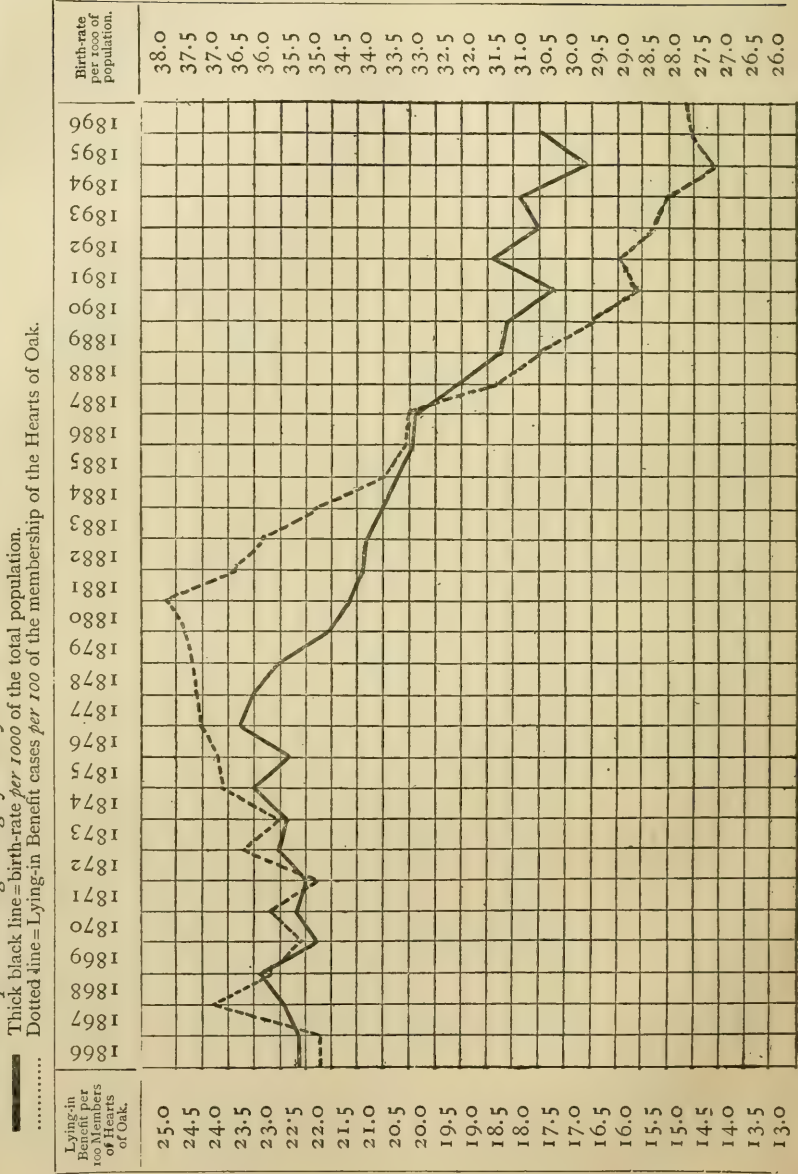
We attribute this adoption of neo-Malthusian devices to prevent the burden of a large family (which have, of course, nothing to do with Trade Unionism) chiefly to the spread of education among working-class women, to their discontent with a life of constant ill-health and domestic worry under narrow circumstances, and to the growth among them of aspirations for a fuller and more independent existence of their own. This change implies, on the part of both husband and wife, a large measure of foresight, deliberateness, and self-control, which is out of the reach of the less intelligent and more self-indulgent classes, and difficult for the very poor, especially for the occupants of one-roomed homes.



Table showing, for each year from 1866 to 1896 inclusive, the number of Members in the Hearts of Oak Friendly Society at the beginning of the year, the number of those who received Lying-in Benefit during the year, the percentage of these to the membership at the beginning of the year, and the birth-rate per 1000 of the whole population of England and Wales. (From the annual reports of the Committee of Management of the Hearts of Oak Friendly Society, and those of the Registrar-General.)

Year.	Hearts of Oak Friendly Society.			England and Wales: births per 1000 of the total population.
	Number of Members at the beginning of each year.	Number of cases of Lying-in Benefit paid during year.	Percentage of cases paid to total Membership at beginning of year.	
1866	10,571	2,300	21.76	35.2
1867	12,051	2,853	23.68	35.4
1868	13,568	3,075	22.66	35.8
1869	15,903	3,509	22.07	34.8
1870	18,369	4,173	22.72	35.2
1871	21,484	4,685	21.81	35.0
1872	26,510	6,156	23.22	35.6
1873	32,837	7,386	22.49	35.4
1874	40,740	9,603	23.57	36.0
1875	51,144	12,103	23.66	35.4
1876	64,421	15,473	24.02	36.3
1877	76,369	18,423	24.11	36.0
1878	84,471	20,409	24.16	35.6
1879	90,603	22,057	24.34	34.7
1880	91,986	22,740	24.72	34.2
1881	93,615	21,950	23.45	33.9
1882	96,006	21,860	22.77	33.8
1883	98,873	21,577	21.82	33.5
1884	104,239	21,375	20.51	33.6
1885	105,622	21,277	20.14	32.9
1886	109,074	21,856	20.04	32.8
1887	111,937	20,590	18.39	31.9
1888	115,803	20,244	17.48	31.2
1889	123,223	20,503	16.64	31.1
1890	131,057	20,402	15.57	30.2
1891	141,269	22,500	15.93	31.4
1892	153,595	23,471	15.28	30.5
1893	169,344	25,430	15.02	30.8
1894	184,629	27,000	14.08	29.6
1895	201,075	29,263	14.55	30.4
1896	206,673	30,313	14.67	

Diagram showing for each of the years 1866-1896 inclusive the birth-rate per 1000 of the total population of England and Wales; and the Lying-in Benefit cases paid by the Hearts of Oak Friendly Society per 100 of its total membership at the beginning of each year.



We reach here an aspect of the population question of which Malthus never dreamt, and on which further investigation is imperatively demanded.<sup>1</sup> There are many indications that the danger to be apprehended in North-Western Europe during the coming century is not over-population at all, but a deliberate restriction of population by the more prosperous, more intelligent, and more thrifty sections, brought about by the rise in the Standard of Life itself. This is not the place for any discussion of this momentous fact. For the present we are concerned only with the new light that it throws upon the relation between the increase of population and the rate of wages. Instead of "the principle of population" decisively negating any possibility of the success of Trade Unionism,

<sup>1</sup> There are indications that the same result is happening in New England. Thus, even as long ago as 1875, it was found that, of 393 working-class families of Massachusetts, those of the skilled mechanics (earning \$800 per annum) averaged from one to two children less than those of the laborers (earning less than \$700 per annum).

*Earnings of 393 families of Massachusetts in 1875, with the number in family, averaged by groups of trades (rearranged).*

Trades.	Father's yearly wages.	Number in family.	Wife and children working.	Total earnings of wife and children.	Total yearly earnings of family.
	\$			\$	\$
Skilled workshop handicraftsmen . . . . .	752.36	4 $\frac{3}{4}$	0 $\frac{1}{4}$	69.04	821.40
Metal workers . . . . .	739.30	4 $\frac{1}{2}$	0 $\frac{1}{3}$	90.51	829.81
Building trades . . . . .	721.32	4 $\frac{1}{2}$	0 $\frac{3}{8}$	73.00	794.32
Teamsters . . . . .	630.02	5 $\frac{1}{2}$	0 $\frac{1}{2}$	105.00	735.02
Mill operatives . . . . .	572.10	5	1	250.35	822.45
Shoe and Leather workers . . . . .	540.00	4 $\frac{3}{4}$	1	209.00	749.00
Average of these six groups . . . . .	659.18	4 $\frac{5}{8}$	0 $\frac{3}{8}$	132.82	792.00
Metal workers' laborers . . . . .	458.09	5 $\frac{1}{2}$	1 $\frac{1}{4}$	256.08	714.17
Workshop laborers . . . . .	433.06	5 $\frac{9}{10}$	1 $\frac{1}{10}$	232.02	665.08
Outdoor laborers . . . . .	424.12	6 $\frac{1}{2}$	1 $\frac{3}{8}$	257.93	682.05
Mill laborers . . . . .	386.04	6 $\frac{3}{4}$	1 $\frac{1}{2}$	284.08	670.12
Average of these four groups . . . . .	425.32	6 $\frac{3}{8}$	1 $\frac{1}{4}$	257.50	682.88

(Sixth Report on the Statistics of Labour of Massachusetts, 1876, p. 71.)

as is still often believed by otherwise well-educated people, the argument is all in the opposite direction. So far as we can draw any inference at all from the facts of English life, there is no reason to believe that a rise in wages, a reduction of hours, or an improvement of the conditions of sanitation and safety among any class of workmen, would cause any increase in the birth-rate of that class; and if the improvement in conditions were to spread to section after section of workers who are now below the level of the skilled artisan, there is every reason to expect that it would result in a positive decline in the birth-rate among those sections.<sup>1</sup> To put the matter concretely, if we could, by Collective Bargaining or Legal Enactment, lift the London dock-laborers into an economic position equal to that of the railway porters, there would not only be no corresponding increase in the number of children born to them, but, in all probability, we should in a very few years find an actual diminution in the size of the average family of the class; and if Trade Unionism could further raise both them and the railway porters to the

<sup>1</sup> What is needed is a thoroughly scientific investigation of the subject from all sides. First would come the statistical inquiry as to the exact extent and distribution of the decline in the birth-rate. An analysis of the registrations of births for selected years would show, for instance, whether the birth-rate was uniform among all occupations, or varied from trade to trade; whether it bore any relation to the wage-levels of different industries, or to the average number of rooms occupied by the families in these trades, as tabulated for London by Mr. Charles Booth; or whether it corresponded with the degree of Trade Union membership. A similar analysis of births in the various friendly societies giving "Lying-in Benefit" would be even more suggestive. It would also be possible to use the Trade Union and Friendly Society machinery for taking voluntary censuses of the families of men in different social grades, different trades, or different districts. Such a diagnosis would prepare the way for a physiological inquiry into the means used, and their physical effects, direct and indirect. It would then be for the sociologist to discover the circumstances under the pressure of which these practices were adopted, and what effect they were having on the economic position of various classes, the institution of marriage, family life, and the great social evil of prostitution; most important of all, how sectional restriction of births affected, in extent and character, the breeding ground of subsequent generations. Some preliminary investigations of this sort are being made by students of the London School of Economics and Political Science, but are stopped for lack of funds. We can imagine no way of spending a couple of thousand pounds more likely to be useful to the community than such an investigation. To us it seems, of all problems, the most momentous for the future of the civilised races.



economic position of the "Amalgamated" Engineer, this result would be still more certain and conspicuous.

Accordingly, we do not find any modern economist, however "orthodox" may be his bias, nowadays refuting Trade Unionism by a reference either to the Wage Fund or to the "Population Question."<sup>1</sup> The "Theory of Distribution" which to-day holds the field is of very different character, and one from which the opponent of Trade Unionism can derive little comfort. To begin with, it is declared that wages, like other incomes, depend upon the amount of the aggregate revenue of a community, not upon the amount of its capital. "The labour and capital of the country," says Professor Marshall, "acting on its natural resources, produce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds. This is the true net annual income or revenue of the country; or the National Dividend . . . it is divided up into Earnings of Labor, Interest of Capital, and lastly the Producer's Surplus, or Rent, of land, and of other differential advantages for production. It constitutes the whole of them, and the whole of it is distributed among them; and the larger it is, the larger, other things being equal, will be the share of each agent of production." The extent and character of the industries of the community, and the ever-changing level of wages and prices, are determined by the perpetual play of Supply and Demand, acting through the "law of substitution." "The production of everything, whether an agent of production or a commodity ready for immediate consumption, is carried forward up to that limit or margin at which there is equilibrium between the forces of demand and supply. The amount of the thing, and its price, the amounts of the several factors or agents of production used in making it, and their prices—all these elements mutually

<sup>1</sup> Thus, Professor Marshall, though he elsewhere uses expressions which retain traces of the older view, observes, in the latest edition of his *Principles of Economics* (London, 1895), as corrected by the fly-leaf, "it is indeed true that a permanent rise of prosperity is quite as likely to lower as to raise the birth-rate" (p. 594).

determine one another, and if an external cause should alter any one of them, the effect of the disturbance extends to all the others." And the Rent, it will be seen, "is the excess value of the return which can be got by its aid where labor and capital are applied with normal ability up to the margin of profitableness over that which the same labor, capital, and ability would get if working without the aid of any such advantage." Nor is this confined to land rent (or to "a differential advantage not made by man"), for we are elsewhere told "that the rent of land is no unique fact, but simply the chief species of a large genus of economic phenomena; and that the theory of the rent of land is no isolated economic doctrine, but merely one of the chief applications of a particular corollary from the general theory of demand and supply; and that there is a continuous gradation from the true rent of those free gifts which have been appropriated by man, through the income derived from permanent improvements of the soil, to those yielded by farm and factory buildings, steam engines, and less durable goods." The result is a constant tendency to equality, but only to equality of remuneration for the marginal use. "Other things being equal, the larger the supply of any agent of production, the further will it have to push its way into uses for which it is not specially fitted, and the lower will be the demand price with which it will have to be contented in those uses in which its employment is on the verge or margin of not being found profitable, and, in so far as completion equalises the price which it gets in all uses, this price will be its price for all uses."<sup>1</sup>

Thus, the effect of perfectly free and unrestrained individual competition among laborers and capitalists is, on the one hand, to secure to their owners the entire differential advantage of all those factors of production which are better than the worst in normal use, and, on the other, to reduce the personal remuneration for all the members of each class

<sup>1</sup> *Principles of Economics*, by Professor Alfred Marshall, 3rd edition (London, 1895), Book VI. chap. i. pp. 588, 591, 609, and chap. ix. p. 705.

of producers to the level of the last, and least advantageously situated, member of that class for the time being. The modern economist tells each class of producers plainly what will happen to their incomes if there is no interference with free competition. The total net produce of the class may be considerable; the total utility and value of the services of the class as a whole to the employers may be immense; the consumers themselves may be willing, rather than forego the commodity, to pay a higher price. Nevertheless, if the workmen in that particular class compete freely among themselves for employment, and the employers are unrestrained in taking advantage of this "Perfect Competition," the price with which all the members of the class will have to be content will be set by the last additional workman in the class whose "employment is on the verge or margin of not being found profitable." Under Perfect Competition, "the wages of every class of labor tend to be equal to the produce due to the additional labor of the marginal laborer of that class."<sup>1</sup>

But what the isolated individual wage-earner thus foregoes, the employer does not necessarily gain. For the same reasoning applies, as Professor Marshall points out, to capital in all its mobile forms. The demand-price is determined, not by the total utility of the advantages to be gained by the use of each unit of capital, but by the utility of the last unit of mobile capital, "in those uses in which its employment is on the verge or margin of not being found profitable." Competition among capitalists will force them to cede to the consumer anything above the net advantages of the last, or marginal, unit of mobile capital. Thus, under Perfect Competition, it is on the one hand the landlord, or other owner of the rents or "quasi-rents" of superior instruments of production, and on the other the consumer, in proportion to the extent of his consumption, who is always getting the benefit of that "law of substitution" which pares down the incomes of laborers and capitalists alike, whenever these, in particular

<sup>1</sup> *Principles of Economics*, by Professor Alfred Marshall, 3rd edition (London, 1895), Book VI. chap. i. p. 584.

instances, rise above the level for the time being of the equivalent of the marginal use.<sup>1</sup>

All that abstract economics can nowadays tell us about the normal rate of wages is, therefore, that under perfectly free competition it will be always tending, for each distinct and fairly homogeneous class of workman, to be no more than can be got by "the marginal man" of that class, and in so far as labor may be regarded as freely mobile between the different grades, no more than would be given for the "marginal man" of the community as a whole. How much that will be cannot, even on the assumption of perfect completion and frictionless mobility, be determined by any reasoning of abstract economics. "It appears, then, as the conclusion of the argument," sums up our latest systematic writer, "that there is no short and simple rule by which the normal rate of wages in any employment can be determined over a long period or in the long run. We cannot assign with any degree of precision the superior and the inferior limits between which it must lie, and thus we cannot fix upon any point about which the market rates must oscillate."<sup>2</sup>

This necessary indeterminateness of the wage-contract, even under perfect competition, was insisted on by Thornton in 1869, and was thereupon mathematically demonstrated.

<sup>1</sup> This Theory of Distribution would gain in logical completeness if, after the manner of the classic economists, (1) we could assume that this equivalent of the advantage of the marginal use of capital itself precisely determined, in any community, how much capital would be saved and productively employed—the rate of accumulation being so affected by every variation from the "normal" rate of interest as eventually to counteract the variation; and if (2) we might believe that the amount of the net produce of the marginal laborer determined how many laborers would exist—the increase of population varying in exact correspondence with these "normal" wages. But *as we do not know whether, human nature being as it is, a rise in the rate of interest would on the whole augment the amount of productive capital or decrease it; or whether a rise in wages would increase the birth-rate or diminish it*, both the amount of capital and the number of the population must, as far as abstract economics is concerned, for the present be treated as indeterminate; or, rather, as data which, for any particular time and country, the abstract economist can only accept from the statistician.

<sup>2</sup> J. S. Nicholson, *Principles of Political Economy* (Edinburgh, 1893), p. 353.



In a comparatively unnoticed paper, Fleeming Jenkin, a physicist of rare power, showed the economists of 1870 that, on their own reasoning, it followed that the rate of wages would vary according as the wage-earners took steps for their own protection or not. In flat contradiction of the current middle-class opinion, he concluded that the case of "the laborer who does not bargain as to his wages . . . is the case of a forced sale, as at a bankruptcy, and of any other sale by auction without a reserved price. . . . The knowledge that goods must be sold, that, in fact, there is no reserved price . . . at once lowers the demand curve while it raises the supply, and by a double action lowers the price. . . . Both in a given market and on an average of years, the power of bargaining will enable a seller to obtain higher prices [than without that power]."<sup>1</sup>

The whole subject was minutely investigated in 1881 by Professor F. Y. Edgeworth, from the mathematical standpoint, in a work which has received too little attention. He sums up his argument as follows. "Suppose a market consisting of an equal number of masters and servants, offering respectively wages and service, subject to the condition that no man can serve two masters, no master employ more than one man; or suppose equilibrium already established between such parties to be disturbed by any sudden influx of wealth into the hands of the masters. Then there is no determinate, and very generally [no] unique arrangement towards which the system tends under the operation of, may we say, a law of Nature, and which would be predictable if we knew beforehand the real requirements of each, or of the average dealer; but there are an indefinite number of arrangements *à priori* possible, towards one of which the system is urged, *not* by the concurrence of innumerable (as it were) neuter atoms eliminating chance, but (abstraction being made of custom) by what has been called the Art of Bargaining—higgling dodges and designing

<sup>1</sup> "Graphic Representation of the Laws of Supply and Demand," by Fleeming Jenkin, in *Recess Studies* (Edinburgh, 1870), pp. 173, 175.

obstinacy, and other incalculable and often disreputable accidents.”<sup>1</sup>

But competition between individual producers and consumers, laborers and capitalists, is, as the economist is now careful to explain, in actual life very far from perfect, and shows no tendency to become so.<sup>2</sup> Combination, we are told,<sup>3</sup> “is as much a normal condition of modern industry” as competition, as, indeed, on the doctrine of freedom of contract it is bound to be. When wage-earners combine to improve the conditions of their employment, or when employers, on the other hand, tacitly or formally unite to reduce wages,—when, again, a great capitalist undertaking enjoys a virtual monopoly of any kind of employment, abstract economics is frankly incapable of predicting the result. “If,” says Professor Marshall, “the employers in any trade act together and so do the employed, the solution of the problem of wages becomes indeterminate. The trade as a whole may be regarded as receiving a surplus (or quasi-rent) consisting of the excess of the aggregate price which it can get for such wares as it produces, over what it has to pay to other trades for the raw materials, etc., which it buys; and *there is nothing but bargaining to decide the exact shares in which this should go to employers and employed.* No lowering of wages will be permanently in the interest of employers which is unnecessary and drives many skilled workers to other markets, or even to other industries in which they abandon the special income derived from their particular skill; and wages must be high enough in an average year to attract young people to the trade. This

<sup>1</sup> *Mathematical Psychics* (London, 1881), p. 46, by F. Y. Edgeworth, now Drummond Professor of Political Economy in the University of Oxford.

<sup>2</sup> “In practical life such frictional disturbances are innumerable. At no moment and in no branch of production are they entirely absent. And thus it is that the Law of Costs is recognised as a law that is only approximately valid; a law riddled through and through with exceptions. These innumerable exceptions, small and great, are the inexhaustible source of the undertaker’s profits, but also of the undertaker’s losses.”—*The Positive Theory of Capital*, by E. v. Böhm-Bawerk, translated by W. Smart (London, 1891), p. 234.

<sup>3</sup> *Studies in Economics*, by W. Smart, Adam Smith Professor of Political Economy in the University of Glasgow (London, 1895), p. 259.

sets lower limits to wages, and upper limits are set by corresponding necessities as to the supply of capital and business power. *But what point within these limits should be taken at any time can be decided only by higgling and bargaining.*"<sup>1</sup>

We thus see that it is not only economically permissible, but in the view of our best authorities necessary for self-protection, that the workmen should not simply acquiesce in whatever conditions the employer may propose, but that they should take deliberate steps to protect themselves by "higgling and bargaining," if they are not to suffer lower wages and worse conditions of employment than there is any economic necessity for. "If the workman," says Walker, "from any cause does not pursue his interest *he loses his interest*, whether he refrain from bodily fear, from poverty, from ignorance, from timidity, and dread of censure, or from the effects of bad political economy which assures him that if he does not seek his interest, his interest will seek him."<sup>2</sup> And if the workmen ask how they can strengthen themselves in this higgling and bargaining, how they are most effectually to pursue their own interest, the answer of abstract economics is now, positively, *combination*. "In that contest of endurance between buyer and seller [of labor]," wrote J. S. Mill in 1869, "nothing but a close combination among the employed can give them even a chance of successfully competing against the employers."<sup>3</sup> This was one of the conclusions that most shocked Mill's economic friends of 1869, but it is one which has since become an economic commonplace.<sup>4</sup> In 1881

<sup>1</sup> *Elements of Economics of Industry*, by Professor A. Marshall (London, 1892), p. 341. "Demand and supply are not physical agencies which thrust a given amount of wages into the laborer's hand without the participation of his own will and actions. The market rate is not fixed for him by some self-acting instrument, but is the result of bargaining between human beings—of what Adam Smith calls 'the higgling of the market.'"—J. S. Mill, *Principles of Political Economy*, Book V. ch. x. sec. 5.

<sup>2</sup> *The Wages Question*, by F. A. Walker (New York, 1876; London, 1891), pp. 364, 411.

<sup>3</sup> *Fortnightly Review*, May 1869; *Dissertations and Discussions* (London, 1876), vol. iv. p. 42.

<sup>4</sup> "Combination is, in fact, the only way by which the poor can place them-

Professor Edgeworth, in the work which we have already quoted, placed it on the rock of mathematical analysis. Summing up a long mathematical argument as to "the general case in which numbers, natures, and combinations are unequal," he declares that "combination tends to introduce or increase indeterminateness; and the final settlements thereby added are *more favorable to the combiners* than the (determinate or indeterminate) final settlements previously existing." In his opinion, in fact, "the one thing from an abstract point of view visible amidst the jumble of catallactic molecules, the jostle of competitive crowds, is that those who form themselves into compact bodies by combination *do not tend to lose, but stand to gain.*"<sup>1</sup> Nor need the combination amount in any sense to a monopoly. "If, for instance," proceeds Professor Edgeworth, "powerful trade unions did not seek to fix the *quid pro quo*, the amounts of labor exchanged for wealth (which they would be quite competent to seek), but only the rate of exchange, it being left to each capitalist to purchase as much labor as he might demand at that rate, there would still be that sort of indeterminateness favorable to unionists above described." And no trade need refrain, out of consideration for the interests of other trades, from doing the best it can for itself in its negotiations with its own particular employers. "It is safe to say," observes Professor Taussig, "that in concrete life it happens very rarely, probably never, that a specific rise in wages, secured by strike or trade union pressure or simple agreement, can be shown to bring any off-setting loss in the wages of those not directly concerned. . . . The chances are against any traceable loss which would off-set the visible gain. Certainly an unbiassed and judicious adviser, having the interest of all laborers at heart, would hesitate long before counselling any particular set of laborers against an endeavor

selves on a par with the rich in bargaining."—H. Sidgwick, *Elements of Politics*, ch. xxviii. sec. 2, p. 579 of 2nd edition (London, 1897).

<sup>1</sup> *Mathematical Psychics* (London, 1881), by Prof. F. Y. Edgeworth, pp. 43, 44.



to get better terms from their employers, on the ground that as an ulterior result of success some of their fellows might suffer. If no other objection than this presented itself, he could safely assert that economic science had nothing to say against their endeavors, and much in favor of them.”<sup>1</sup> Professor Sidgwick has therefore no difficulty in reciting various typical circumstances under which abstract economics show it to be quite possible for Trade Unions to raise wages, and in concluding that “in all the above cases it is possible for a combination of workmen to secure, either temporarily or permanently, a rise in wages; whilst in none of them, except the last, has such gain any manifest tendency to be counter-balanced by future loss. And it does not appear that these cases are in practice very exceptional, or that the proposition that ‘Trade Unions cannot in the long run succeed in raising wages’ corresponds even approximately to the actual facts of industry,” whilst there is really no ground for the conclusion of the older economists “that if one set of laborers obtain an increase of wages in this way, there must be a corresponding reduction in the wages of other laborers.”<sup>2</sup> Finally, we have the deliberate judgment of Professor Marshall, cautiously summing up his examination of the arguments for and against Trade Unionism. “In trades which have any sort of monopoly the workers, by limiting their numbers, may secure very high wages at the expense partly of the employers, but chiefly of the general community. But such action generally diminishes the number of skilled workers, and in this and other ways takes more in the aggregate from the real wages of workers outside than it adds to those of workers inside; and thus on the balance it lowers average wages.”<sup>3</sup> . . . Passing from selfish and exclusive action of this

<sup>1</sup> *Wages and Capital: an Examination of the Wages Fund Doctrine*, by F. W. Taussig, Professor of Political Economy in Harvard University (London, 1896), pp. 103, 104.

<sup>2</sup> *Principles of Political Economy*, by Henry Sidgwick, Professor of Moral Philosophy at the University of Cambridge (London, 1883), p. 363.

<sup>3</sup> Other authorities doubt whether, on any reasoning of abstract economics, this drawback can be shown necessarily to result. “If,” observes Professor Edgeworth, “it is attempted to enforce the argument against Trade Unionism by

sort, we find that unions generally can so arrange their bargaining with employers as to remove the special disadvantages under which workmen would lie if bargaining as individuals and without reserve; and in consequence employers may sometimes find the path of least resistance in paying somewhat higher wages than they would otherwise have done. In trades which use much fixed capital a strong union may for a time divert a great part of the aggregate net income (which is really a quasi-rent) to the workers; but this injury to capital will be partly transmitted to consumers, and partly, by its rebound, reduce employment and lower wages. . . . Other things being equal, the presence of a union in a trade raises wages relatively to other trades. But the influence which unions exert on the average level of wages is less than would be inferred by looking at the influence which they exert in each particular trade. When the measures which they take to raise wages in one trade have the effect of rendering business more difficult, or anxious, or impeding it in any other way, they are likely to diminish employment in other trades, and thus to cause a greater aggregate loss of wages to other trades than they gain for themselves, and to lower and not raise the average level of wages. . . . The power of unions to raise general wages by direct means is never great; it is never sufficient to contend successfully with the general economic forces of the age, when their drift is against a rise of wages. But yet it is sufficient materially to benefit the worker, when it is so directed as to co-operate with and to strengthen those general agencies, which are tending to improve his position morally and economically."<sup>1</sup> No

the consideration that it tends to diminish the total national produce, the obvious reply is that Unionists, as 'Economic men,' are not concerned with the total produce. Because the total produce is diminished it does not follow that the laborer's share is diminished (the loss may fall on the capitalist and the entrepreneur whose compressibility has been well shown by Mr. Sidgwick, *Fortnightly Review*, September 1879); much less does it follow that there should be diminished that quantity which alone the rational unionist is concerned to increase—the laborer's utility."—*Mathematical Psychics*, p. 45.

<sup>1</sup> *Elements of Economics of Industry*, by Prof. A. Marshall (London, 1892), pp. 407, 408.

economist of the present day can therefore look forward, as the popular advisers of the middle class even within the present generation confidently could, to a time when "the fanatical faith of the working classes in the artificial mechanism of combination will give place to trust in the wiser, because more natural, system of individual competition; and the hiring of labor, like the exchange of commodities, will be set free, to be regulated by the Heaven-ordained laws of Supply and Demand."<sup>1</sup>

Thus, economic authority to-day, looking back on the confident assertions against Trade Unionism made by M'Culloch and Mill, Nassau Senior and Harriet Martineau, Fawcett and Cairnes, has humbly to admit, in the words of the present occupant of the chair once filled by Nassau Senior himself, that "in the matter of [Trade] Unionism, as well as in that of the predeterminate wage-fund, the untutored mind of the workman had gone more straight to the point than economic intelligence misled by a bad method."<sup>2</sup> The verdict of abstract economics is, in fact, decidedly in favor of the Trade Union contention, if only within certain limits. Whether this view of Trade Unionism in the abstract is worth any more, in relation to the actual problems of practical life, than the contrary verdict arrived at by the economists of a preceding generation, is a matter on which opinions will differ. For our own part, we are loth to pin our faith to any manipulation of economic abstractions, with or without the aid of mathematics. We are inclined to attach more weight to a consideration of the processes of industrial life as they actually exist. In the next chapter we shall accordingly seek to follow out the course of that "higgling and bargaining" upon which, as we have seen, the conditions of employment admittedly depend.

<sup>1</sup> *Trade Unionism*, by James Stirling, p. 55.

<sup>2</sup> *Mathematical Psychics* (p. 45), by F. Y. Edgeworth.

## CHAPTER II

### THE HIGGLING OF THE MARKET

IT is often taken for granted that the higgling of the market, in which the workman is interested, is confined to the negotiation between himself and his employer. But the share of the aggregate product of the nation's industry which falls to the wage-earners as a class, or to any particular operative—notably the division of that portion which may be regarded as the "debatable land"—depends not merely on the strength or weakness of the workman's position towards the capitalist employer, but also on the strategic position of the employer towards the wholesale trader, that of the wholesale trader towards the shopkeeper, and that of the shopkeeper towards the consumer. The higgling of the market, which, under a system of free competition and Individual Bargaining, determines the conditions of employment, occurs in a chain of bargains linking together the manual worker, the capitalist employer, the wholesale trader, the shopkeeper, and the customer. Any addition to, or subtraction from, this series of intermediaries between the manual worker and the consumer—the excision of the capitalist employer or of the wholesale or retail trader, the insertion of a sub-contractor at one end or of a "tallyman"<sup>1</sup>

<sup>1</sup> The "tallyman" is a drapery hawker, visiting the houses of his customers, and selling his wares upon a particularly objectionable system of credit. See the article on "Tally System" in Chambers's *Encyclopædia* (London, 1874); and the excellent article under "Tally Trade" in M'Culloch's *Dictionary of*



at the other—will be found, in practice, to materially alter the position of all the parties. We must therefore examine separately the conditions of each of these series of bargains.<sup>1</sup>

It will be convenient to put on one side for the moment any consideration of gluts or scarcities—whether there is a surplus of workmen seeking situations or of vacancies to be filled; whether manufacturers are heaping up stocks, or are unable to keep pace with the orders they receive; whether the trader's "turn-over" is falling off or rapidly increasing. These variations in supply and demand will, of course, greatly affect the relative pressure of the forces which determine particular bargains. But fluctuations of this kind, however important they may be to the parties concerned, and however much we may believe them, in the long run, to weight the scales in favor of one class or another, tend only to obscure the essential and permanent characteristics of the several relationships. To reveal these characteristics, we must assume a market in a state of perfect equilibrium, where the supply is exactly equal in quantity to the demand.

We begin with the bargain between the workman and the capitalist employer. We assume that there is only a single situation vacant and only one candidate for it. When the workman applies for the post to the employer's foreman, the two parties to the bargain differ considerably in strategic strength. There is first the difference of alternative. If the foreman, and the capitalist employer for whom he acts, fail to come to terms with the workman, they may be put to some inconvenience in arranging the work of the establish-

*Commerce and Commercial Navigation* (London, 1882), pp. 1357-58; also C. S. Devas's *Groundwork of Economics* (London, 1883), note to sec. 213, p. 443.

<sup>1</sup> It is, in our view, one of the most unsatisfactory features of the older economists, that they habitually ignored the actual structure of the industrial world around them, and usually confined their analysis to the abstract figures of "the capitalist" and "the laborer." For a brief description of the main outline of English business structure see the article on "The House of Lords and the Sweating System," *Nineteenth Century*, May 1890, by Beatrice Potter (Mrs. Sidney Webb). A systematic economic analysis of the actual mechanism of English business life is badly needed.

ment. They may have to persuade the other workmen to work harder or to work overtime; they may even be compelled to leave a machine vacant, and thus run the risk of some delay in the completion of an order. Even if the workman remains obdurate, the worst that the capitalist suffers is a fractional decrease of the year's profit.<sup>1</sup> Meanwhile, he and his foreman, with their wives and families, find their housekeeping quite unaffected; they go on eating and drinking, working and enjoying themselves, whether the bargain with the individual workman has been made or not. Very different is the case with the wage-earner. If he refuses the foreman's terms even for a day, he irrevocably loses his whole day's subsistence. If he has absolutely no other resources than his labor, hunger brings him to his knees the very next morning. Even if he has a little hoard, or a couple of rooms full of furniture, he and his family can only exist by the immediate sacrifice of their cherished provision against calamity, or the stripping of their home. Sooner or later he must come to terms, on pain of starvation or the workhouse.<sup>2</sup> And since success in the higgling of the

<sup>1</sup> The latest critic of the theory of Trade Unionism denies this inequality, on the ground that whilst the wage-earners must starve if the employers stand out, the employers may be driven into bankruptcy if the workmen revolt (*A Criticism of the Theory of Trades' Unions*, by T. S. Cree, Glasgow, 1891, p. 20). But this very argument assumes "a stoppage of work through a strike"—that is to say, deliberately concerted action among the wage-earners—the very Trade Unionism which the writer declares to be unnecessary.

<sup>2</sup> It is interesting to find this situation clearly seen by an unknown French writer of 1773: "Partout où il y a de très-grandes propriétés, et par conséquent, beaucoup de journaliers, voici comment s'établit naturellement le prix des journées: le journalier demande une somme, le propriétaire en propose un moindre; et comme il ajoute *je puis me passer de vous plusieurs jours, voyez si vous pouvez vous passer de moi vingt-quatre heures*, on sait que le marché est bientôt conclu au préjudice du journalier."—*Éloge de Jean Baptiste Colbert*, par Monsieur P. (Paris, 1773), p. 8. Three years later Adam Smith remarked that "in the long run the workman may be as necessary to his master as his master is to him, but the necessity is not so immediate" (*Wealth of Nations*, London, 1776, Book I. ch. viii. p. 30 of M'Culloch's edition). Du Cellier (*Histoire des Classes Laborieuses en France*) observes that "the struggle in the labor market too often takes place, not between two equal contracting parties, but between a money-bag and a stomach" (p. 324). "In the general course of human nature," remarked the shrewd founders of the American Constitution, "power over a man's subsistence amounts to a power over his will" (*Federalist*, No. lxxix.).

market is largely determined by the relative eagerness of the parties to come to terms—especially if this eagerness cannot be hid—it is now agreed, even if on this ground alone, “that manual laborers as a class are at a disadvantage in bargaining.”<sup>1</sup>

But there is also a marked difference between the parties in that knowledge of the circumstances which is requisite for successful higgling. “The art of bargaining,” observed Jevons, “mainly consists in the buyer ascertaining the lowest price at which the seller is willing to part with his object, without disclosing, if possible, the highest price which he, the buyer, is willing to give. . . . The power of reading another man’s thoughts is of high importance in business.”<sup>2</sup> Now the essential economic weakness of the isolated workman’s position, as we have just described it, is necessarily known to the employer and his foreman. The isolated workman, on the other hand, is ignorant of the employer’s position. Even in the rare cases in which the absence of a single workman is seriously inconvenient to the capitalist employer, this is unknown to any one outside his office. What is even more important, the employer, knowing the state of the market for his product, can form a clear opinion of how much it is worth his while to give, rather than go without the labor altogether, or rather than postpone it for a few weeks. But the isolated workman, unaided by any Trade Union official, and unable to communicate even with the workmen in other towns, is wholly in the dark as to how much he might ask.

With these two important disadvantages, it is comparatively a minor matter that the manual worker is, from his

<sup>1</sup> *Principles of Economics*, by Professor A. Marshall, 3rd edition (London, 1895), Book VI. ch. iv. p. 649. Professor Marshall adds that “the effects of the laborer’s disadvantage in bargaining are therefore cumulative in two ways. It lowers his wages; and, as we have seen, this lowers his efficiency as a worker, and thereby lowers the normal value of his labor. And in addition it diminishes his efficiency as a bargainer, and thus increases the chance that he will sell his labor for less than its normal value.”

<sup>2</sup> W. S. Jevons, *Theory of Political Economy*, 3rd edition (London, 1888), ch. iv. p. 124.

position and training, far less skilled than the employer or his foreman in the art of bargaining itself. This art forms a large part of the daily life of the entrepreneur, whilst the foreman is specially selected for his skill in engaging and superintending workmen. The manual worker, on the contrary, has the very smallest experience of, and practically no training in, what is essentially one of the arts of the capitalist employer. He never engages in any but one sort of bargaining, and that only on occasions which may be infrequent, and which in any case make up only a tiny fraction of his life.

Thus, in the making of the labor contract the isolated individual workman, unprotected by any combination with his fellows, stands in all respects at a disadvantage compared with the capitalist employer. There is an even more serious disadvantage to come. The hiring of a workman, unlike a contract for the purchase of a commodity, necessarily leaves many conditions not precisely determined, still less expressed in any definite form. This indeterminateness of the labor contract is in some respects a drawback to the employer. In return for the specified wage, the workman has impliedly agreed to give work of the currently accepted standard of quantity and quality. The lack of definiteness in this respect leaves him free to skulk or to scamp. But against this the employer protects himself by providing supervision and by requiring obedience to his foreman, if not also by elaborate systems of fines and deductions. Whenever there is any dispute as to the speed of work, or the quality of the output, the foreman's decision is absolute. To the workman, however, the indeterminateness of his contract is a far more fruitful source of personal hardship, against which he has no practicable remedy. When an additional "hand" is taken on in a manufacturing establishment, practically the only point explicitly agreed upon between him and the foreman is the amount of the weekly wage, or possibly the scale of piece-work rates. How many hours he shall work, how quickly or how intensely he is to exert himself, what intervals will



be allowed for meals, what fines and deductions he will be subject to, what provision is made for warmth and shelter, the arrangements for ventilation and prevention of accidents, the sanitary accommodation, the noise, the smell and the dirt, the foreman's temper and the comrades' manners—all this has to be taken for granted, it being always implied in the engagement that the workman accepts the conditions existing in the employer's establishment, and obeys all his lawful commands. It may be urged that, if the conditions are worse than is customary, the workman will not accept the situation, unless he is offered higher wages. But until he has made his contract and actually begun work, he cannot know what the conditions are, even if he could estimate their disadvantage in terms of money, and stand out for the higher price. Moreover, unless fixed by law or Collective Bargaining, these conditions may at any moment be changed at the will of the employer, or the caprice of the foreman. Thus, when the isolated workman has made his bargain, he has no assurance that it will be adhered to, as regards any element other than the money wage, and even this may be eaten into by unforeseen fines and deductions. On all the other conditions of employment he is, under an unregulated industrial system, absolutely in the hands of the employer for the period of his engagement. The workman may, indeed, give up his situation, and throw himself again on the market, to incur once more the risk of losing his subsistence whilst seeking a new place, and to suffer afresh the perils of Individual Bargaining; but even if he makes up his mind rather to lose his employment than to put up with intolerable conditions, he is not legally free to do so without proper notice,<sup>1</sup> and for his sufferings during this period he has no redress.

Such are the disadvantages at which, when the labor

<sup>1</sup> Leaving work without giving the notice expressed or implied in the contract renders the workman liable to be sued for damages; and such actions by the employer against recalcitrant workmen are frequent, especially in the coal-mining industry.

market is in a state of perfect equilibrium, the isolated individual workman stands in bargaining with the capitalist employer. But it is, to say the least of it, unusual, in any trade in this country, for there to be no more workmen applying for situations than there are situations to be filled. When the unemployed are crowding round the factory gates every morning, it is plain to each man that, unless he can induce the foreman to select him rather than another, his chance of subsistence for weeks to come may be irretrievably lost. Under these circumstances bargaining, in the case of isolated individual workmen, becomes absolutely impossible. The foreman has only to pick his man, and tell him the terms. Once inside the gates, the lucky workman knows that if he grumbles at any of the surroundings, however intolerable; if he demurs to any speeding-up, lengthening of the hours, or deductions; or if he hesitates to obey any order, however unreasonable, he condemns himself once more to the semi-starvation and misery of unemployment. For the alternative to the foreman is merely to pick another man from the eager crowd, whilst the difference to the employer becomes incalculably infinitesimal. And it is a mistake to suppose that the workman's essential disadvantages in bargaining disappear in times of good trade, or even when employers are complaining of a scarcity of hands. The workman, it is true, need not then fear starvation, for he may rely on finding another employer. But if he refuses the first employer's terms, he still irrevocably loses his day's subsistence, and runs a risk of seeing subsequent days pass in the same manner. Moreover, the tramp after another employer may often mean the breaking up of his home, removal from his friends, dislocation of his children's education, and all the hundred and one discomforts of migration or exile.<sup>1</sup> The employer, on the other hand, will be induced

<sup>1</sup> Thus, in 1896, a year of exceptionally good trade, between five and six hundred members of the Associated Shipwrights' Society obtained advances of railway fares to enable them to move from their homes, where they were unemployed, to other towns where work was to be had; see *Fifteenth Annual Report of the Associated Shipwrights' Society* (Newcastle, 1897), pp. 164-179.

to offer higher terms, rather than run the risk of foregoing some part of the increased profits of brisk times. But the extent of the "debatable land" is, in these times of high profits, enormously increased, and no one but the employer himself knows by how much. Here the difference in the knowledge of the circumstances becomes all-important, and fatally disadvantageous to the isolated workman. The employer knows about what other firms have been paying for their labor, and to what extent there is a real scarcity of workmen; hence he can judge how little he need offer to make his place seem worth accepting to the unemployed workman. The isolated workman, on the other hand, has no knowledge whether the scarcity of labor extends beyond his own town, or is likely to be prolonged; whilst he has not the slightest idea of how much he might stand out for, and yet be taken on. In short, it would be easy to argue that, in spite of the actual rise of his wages in times of good trade, it is just when profits are largest that the isolated workman stands at the greatest economic disadvantage in the division of the "debatable land."

So far the argument that the isolated workman, unprotected by anything in the nature of Trade Unionism, must necessarily get the worst of the bargain, rests on the assumption that the capitalist employer will take full advantage of his strategic strength, and beat each class of wage-earners down to the lowest possible terms. In so far as this result depends upon the will and intention of each individual employer, the assumption is untrue. A capitalist employer who looks forward, not to one but to many years' production, and who regards his business as a valuable property to be handed down from one generation to another, will, if only for his own sake, bear in mind the probable effect of any reduction upon the permanent efficiency of the establishment. He will know that he cannot subject his workpeople to bad conditions of employment without causing them imperceptibly to deteriorate in the quantity or quality of the service that they render. As an organiser of men, he

will readily appreciate to how great an extent the smooth and expeditious working of a complicated industrial concern depends on each man feeling that he is being treated with consideration, and that he is receiving at least as much as he might be earning elsewhere. But apart from these considerations of mere self-interest, the typical capitalist manufacturer of the present generation, with his increasing education and refinement, his growing political interests and public spirit, will, so long as his own customary income is not interfered with, take a positive pleasure in augmenting the wages and promoting the comfort of his workpeople. Unfortunately, the intelligent, far-sighted, and public-spirited employer is not master of the situation. Unless he is protected by one or other of the dykes or bulwarks presently to be described, he is constantly finding himself as powerless as the workman to withstand the pressure of competitive industry. How this competitive pressure pushes him, in sheer self-defence, to take as much advantage of his workpeople as the most grasping and short-sighted of his rivals, we shall understand by examining the next link in the chain.

Paradoxical as it may appear, in the highly-developed commercial system of the England of to-day the capitalist manufacturer stands at as great a relative disadvantage to the wholesale trader as the isolated workman does to the capitalist manufacturer. In the higgling of the market with the wholesale trader who takes his product, the capitalist manufacturer exhibits the same inferiority of strategic position with regard to the alternative, with regard to knowledge of the circumstances, and with regard to bargaining capacity. First, we have the fact that the manufacturer stands to lose more by failing to sell his product with absolute regularity, than the wholesale trader does by temporarily abstaining from buying. To the manufacturer, with his capital locked up in mills and plant, continuity of employment is all-important. If his mills have to stop even for a single day, he has irrevocably lost that day's gross



income, including out-of-pocket expenses for necessary salaries and maintenance. To the wholesale trader, on the other hand, it is comparatively a small matter that his stocks run low for a short time. His unemployed working-capital is, at worst, gaining deposit interest at the bank, and all he foregoes is a fraction of his profits for the year. Moreover, as the wholesale trader makes his income by a tiny profit per cent on a huge turnover, any particular transaction is comparatively unimportant to him. The manufacturer, earning a relatively large percentage on a small turnover, is much more concerned about each part of it. In short, whilst the capitalist manufacturer is "a combination in himself" compared with the thousand workmen whom he employs, the wholesale trader is "a combination in himself" compared with the hundreds of manufacturers from whom he buys. The disparity is no less great with regard to that knowledge of the market which is invaluable in bargaining. The manufacturer, even if he has a resident agent at the chief commercial centre, can never aspire to anything like the wide outlook over all the world, and the network of communications from retail traders and shipping agents in every town, which make up the business organisation of the wholesale trader. The trader, in short, alone possesses an up-to-date knowledge of the market in all its aspects; he alone receives the latest information as to what shopkeepers find most in demand, and what native and foreign manufacturers are offering for sale. With all this superiority of knowledge, it is a minor matter that, as compared with the manufacturer, immersed in the organisation of labor and the improvement of technical processes, the wholesale trader is a specialist in bargaining, trained by his whole life in the art of buying in the cheapest and selling in the dearest market.<sup>1</sup>

<sup>1</sup> Where, as is the case in many trades, the wholesale trader sends out travellers to visit the retail shopkeepers, the manufacturer is even more dependent on him. For these travellers have great power to "push" one line of goods rather than another, and if any wholesale house has a well-established connection—still more, if its shopkeeping clients are in any way dependent on it—it can seriously injure a particular manufacturer by boycotting

Thus, when the manufacturer negotiates for an order, he is, within certain undefined limits, at the mercy of the wholesale trader. He is told that the price of his product is too high to attract customers; that the shopkeepers find no demand for it; that foreign producers are daily encroaching on the neutral markets; and, finally, that there has just come an offer from a rival manufacturer to supply the same kind of article at a lower price. The manufacturer may doubt these statements, but he has no means of disproving them. He is keenly alive to the fact that his brother manufacturers are as eager as he is to get the order, and some of them, he knows, are always striving to undercut prices. Unless he is a man of substance, able to wait for more profitable orders, or unless his product is a speciality of his own, which no one else makes, he is almost certain to be tempted, rather than lose the business, to accept a lower offer than he meant to. The price he has accepted can only work out in a profit by some lowering of the cost of production. He consults his partners and his foreman as to how this can be effected. Some slight improvement may be possible in the technical process, or a new machine may be introduced. But this takes both time and capital. If neither law nor combination stands in the way, it is far easier to meet the emergency by extracting more work from his operatives for the same pay—by “speeding-up,” by lengthening hours, by increased rigor in respect of fines and deductions, or by a positive reduction of time wages or piecework rates. Any idea of introducing better sanitary accommodation or further fencing of machinery is given up, and all the working expenses are reduced to their lowest limit. Whatever reluctance the good manufacturer may have to take this course necessarily disappears when he finds

his product. The manufacturer may, of course, put his own travellers on the road. But it is clearly more economical for the wholesale house to maintain the travellers, so that the little shopkeeper can get all his stock at once, than for the manufacturer of each article to have his own separate staff. The continued existence of the wholesale trader is thus as economically advantageous to all but the largest manufacturers as it is to all but the largest retailers.

his more necessitous or less scrupulous rivals actually forestalling him. For just as in every trade there are far-sighted and kindly-disposed employers who feel for their workpeople as for themselves, so there are others in whom the desire for personal gain is the dominating passion, and whose lack of intelligence, or financial "shadiness," shuts them out from any other policy than "grinding the faces of the poor." The manufacturer of this type needs no pressure from the wholesale trader to stimulate him to take the fullest possible advantage of the necessities of his workpeople; and in face of competition of this kind the good employer has no choice but to yield. Anything, he says to himself, is better for his workpeople than stopping his own mill and driving the trade into such channels.

There is, moreover, another reason that makes the manufacturer yield to the constant nibbling at price, which forms so large a part of the art of the wholesale trader. In order that the manufacturer may make a profit on the year's trading he must obtain for his output, not only enough to cover the outgoings for wages and raw material—the "prime cost" of the finished product—but also the standing charges of the manufactory, termed by Professor Marshall the "supplementary cost." When a manufacturer is pressed to make a bargain at the lowest price, rather than see his mill stand idle, it is the "prime cost" which he thinks of as the minimum that he can accept without loss, since the standing charges will go on anyhow. Each manufacturer in turn prefers to sell at "prime cost" rather than not get an order at all, with the result, as the saying is, of "spoiling the market" for themselves and their rivals alike.<sup>1</sup> The standing charges have to be met somehow, and the harassed employer is forced to turn

<sup>1</sup> It was especially this effect of manufacturers' competition to secure orders—the frequent sales at prices covering "prime cost" only—that led to the formation of the remarkable "alliances" in the Birmingham hardware trades described in the chapter on "The Assumptions of Trade Unionism." To secure protection against the resulting constant degradation of price is the usual motive for manufacturers' rings and syndicates. The difference between "prime cost" and "supplementary cost" in English industry is worth further economic and statistical investigation; see especially the chapter entitled "Cost Taking," in *The New Trades Combina-*

for relief to any possible cutting-down of the expenses of production, wages not excluded. Meanwhile, the wholesale trader sees no possible objection to the reduction he has effected. To him it is of no pecuniary consequence that a large proportion of the manufacturers of a particular article are only just managing to cover its "prime cost," and are thus really losing money, or that the workpeople in the hardest pressed mills or the least fortunate districts are, owing to a worsening of conditions, beginning to degrade in character and efficiency. If the product seriously falls off in quality relatively to the price demanded, he can go elsewhere; and he makes, moreover, quite as large a percentage on low-grade goods as on those of standard excellence. And if he thinks about it at all, he regards himself as the representative, not of a particular class of producers, but of the whole world of consumers, to whom it is an obvious advantage that the price should be lowered.

We need not wonder, therefore, at the chronic complaints of manufacturers in every trade, that profits are always being reduced, so that business is scarcely worth carrying on. Even in years of national prosperity, when Income Tax and Death Duties show that vast fortunes are being made somewhere, the employers who have no individual speciality, whose output is taken by the wholesale trader, and who are unable to form a "ring" or "alliance" to keep up prices, bitterly complain that it is as much as they can do to cover the "prime cost" of their products, or that, at best, they find themselves earning only the barest interest on capital.<sup>1</sup> For the influences which we have

*tion Movement*, by E. J. Smith (Birmingham, 1895). For statistics relating to American industry the student may consult the *Report of the Commissioner of Labor in the United States for 1890* (Washington, 1891) and the valuable series of *Reports of Statistics of Manufactures of Massachusetts from 1886 to 1896*. Particulars of English factory usage will be found in *Factory Accounts*, by E. Garcke and J. M. Fells. The only English statistics consist of a brief *Report on the Relation of Wages to the Cost of Production*, C. 6535, 1891.

In his *Principles of Economics*, Book V. chaps. iv. and vii., Prof. Marshall has described the relative influence on exchange value of "prime" and "supplementary" cost.

<sup>1</sup> How keenly this pressure is felt by the manufacturers who are exposed to



described affect the higging of the market when the real demand of the consumers is brisk as well as when it is restricted. They amount, in fact, under a system of free and unregulated competition, to a permanent pressure on manufacturing employers to take the fullest possible advantage of their strategic superiority in bargaining with the isolated workman.

But we should make a mistake if we imagined that the pressure originated with the wholesale trader. Just as the manufacturer is conscious of his weakness in face of the

full competition, may be judged from the following speech from Lord Masham—the Samuel Lister who has made a colossal fortune from his legally protected patents. Having explained why the Manningham Mills had earned less than they were expected to earn, Lord Masham went on to argue that they had earned a great deal more than most other concerns. “Lister & Co. had earned during the eight years it had been a company an average of 4 per cent on the entire capital—that was, throwing debentures, preference shares, and ordinary stock all into one pool. If the money had been invested in agriculture, what would have happened? He had invested the same amount in agriculture, for which he got  $2\frac{1}{4}$  per cent and he bought to receive 3. He had lost as much money nearly in agriculture as he had by his investment in Lister & Co. Then he would go on to cotton. He saw in the *Saturday Review* an article stating that the cotton spinning trade was paying, on the average of a large number of limited companies,  $1\frac{1}{4}$  or  $1\frac{3}{8}$  per cent. That looked so outrageous that he could not believe it. He cut the statement out, and sent it to a gentleman who was in the cotton trade, and whose father was in the cotton trade before him. That gentleman sent it back again, saying that it was absolutely true, and he said, ‘I will tell you something else—I challenge the whole trade of Lancashire, and I will guarantee that the whole trade of Lancashire is not on the capital invested paying as much as Consols—not the spinning alone, but the whole manufacturing trade of Lancashire.’ So much with regard to two industries. Coming to iron, what was the state of the iron trade two or three years ago? Three years ago, at any rate, half the iron concerns in England were standing, and those that were at work were making no profit. They were declaring no dividend, and therefore, if the two good years which they had had just recently were added to the back years, he would guarantee that during the time of Lister & Co. the iron concerns had not made on their capital the 4 per cent that Manningham had. Then he came to another industry, on which he could speak with authority. It was one of the greatest industries in England, and employed over 800,000 persons. If it went on increasing as it had done it would be our greatest industry. He referred to coal. He had been in the coal hole (laughter), and he knew that for several years he made no interest, and he had very nearly as much money invested in it as in Manningham.”

This speech was made in January 1897, at a time of roaring good trade, after several years of more than average prosperity, when the aggregate profits of Great Britain as a whole were apparently larger than they had been at any previous period of its history!

wholesale trader, so the wholesale trader feels himself helpless before the retail shopkeeper to whom he sells his stock. Here the inferiority is not in any greater loss that would arise if no business were done, for the retailer is impelled to buy by motives exactly as strong as those which impel the wholesale house to sell. Nor is it in any difference in bargaining power. In both these respects the wholesale house may even have the advantage over the shopkeepers. But the shopkeepers have a closer and more up-to-date knowledge of exactly what it is that customers are asking for, and, what is far more important, they can to some extent direct this demand by placing, before the great ignorant body of consumers, one article rather than another. They have, therefore, to be courted by the wholesale trader, and induced to push the particular "lines" that he is interested in. There is, however, yet another, and even a more active, cause for the weakness in strategic position of the wholesale trader. His main economic function is to "nurse" the small shopkeeper. The little retailer, with a narrow range of clients, cannot buy sufficient of any one article to enable him to deal directly with the maker; he cannot, moreover, communicate with the large number of separate manufacturers whose products he sells; nor could he spare the capital to pay cash for his stock. The wholesale trader accordingly acts as his intermediary. In the large city warehouse, the shopkeeper finds collected before him the products of all the manufacturers in the various branches of his trade; he can take as small a quantity of each as he chooses, and he is given as much credit as his turnover requires. As long as this state of things lasts the wholesale trader holds the field. But there has been, for the last half century, a constant tendency towards a revolution in retail trade. In one town or one district after another there grow up, instead of numberless little shops, large retail businesses, possessing as much capital and commercial knowledge as the wholesale house itself, and able to give orders that even the wealthiest manufacturers are glad to receive. Hence the wholesale

house stands in constant danger of losing his clients, the smaller ones because they cannot buy cheaply enough to resist the cutting prices of their mammoth rivals, and these leviathans themselves because they are able to do without their original intermediaries. The wholesale trader's only chance of retaining their custom is to show a greater capacity for screwing down the prices of the manufacturers than even the largest shopkeeper possesses. He is therefore driven, as a matter of life and death, to concentrate his attention on extracting, from one manufacturer after another, a continual succession of heavy discounts or special terms of some kind. This, then, is the fundamental reason why the manufacturer finds the wholesale trader so relentless in taking advantage of his strategic position. Though often performing a service of real economic advantage to the community, he can only continue to exist by a constant "squeezing" of all the other agents in production.<sup>1</sup>

We come now to the last link in the chain, the competition between retail shopkeepers to secure customers. Here the superiority in knowledge and technical skill is on the side of the seller, but this is far outweighed by the exceptional freedom of the buyer. The shopkeeper, it is true, is

<sup>1</sup> The effect of competitive pressure in reducing the percentage of profits to turnover is well seen in the extreme cases in which one or more of the stages are omitted. In the wholesale clothing trade, for instance, there may be, as we have seen, only a single grade of capitalists between the "sweated" woman trouser-hand and the purchasing consumer. This wholesale clothier, though he makes a huge income for himself, extracts only the most infinitesimal sum out of each pair of trousers or "juvenile suit." His success depends upon the fact that he has a colossal trade, dealing every year in millions of garments, and turning over his moderate capital with exceptional rapidity. Even if he were sentimentally affected by the fact that the women to whom his firm gives out its millions of garments earned only six to ten shillings a week, he could not appreciably raise their wages by foregoing his whole profit, seeing that this amounts, perhaps, only to a penny a garment. Or, to take another instance, the original shareholders in the Civil Service Supply Association, who receive profits at the rate of literally hundreds per cent per annum, cannot afford to put any check on their directors' zeal for screwing down the manufacturers, or on their foremen's assiduity in keeping down wages in their own producing departments; for though the profit is colossal, compared with the capital invested, it is derived from tiny percentages on millions of transactions, and, if shared by all the wage-earners concerned in the production and distribution of the articles, would amount to an infinitesimal addition to their weekly wages.

not bound to sell any particular article at any particular time. But he must, on pain of bankruptcy, attract a constant stream of customers for his wares. The customer, on the other hand, is as free as air. He can buy in one shop as well as in another. He is not even bound to buy at all, and may abstain, not only without loss, but with a positive saving to his pocket. He must, in short, be tempted to buy, and to this end is bent all the shopkeeper's knowledge and capacity. Now, with regard to the general run of commodities, the only way of tempting the great mass of consumers to buy is to offer the article at what they consider a low price. Hence a shopkeeper is always on the look-out for something which he can sell at a lower price than has hitherto been customary, or cheaper than his competitors are selling it at. Competition between shopkeepers becomes, therefore, in all such cases entirely a matter of cutting prices, and the old-fashioned, steady-going business, which once contentedly paid whatever price the wholesale trader asked, is driven to look as sharply after "cheap lines" as the keenest trader. It might be suggested that a shopkeeper could equally outbid his rivals if he offered better quality at the same price. But this would be to misunderstand the psychology of the individual consumer.<sup>1</sup> Owing to his lack of technical knowledge, to say nothing of his imperfect means of testing his purchase, the only fact that he can grasp is, with regard to all nondescript commodities, the retail money price, and all temptation must reach his mind through this, the only medium. Under these circumstances, it is easy to understand how the revolution in retail trade, to which we have already referred, plays into the hands of the customer. The mammoth establishments, having a much lower percentage of working expenses to turn over, are able to sell

<sup>1</sup> Even the shops which rely on a reputation for quality as their main attraction, do not commit the mistake of merely offering a better article at the same price as is elsewhere charged for common goods. If they did, they would quickly find their customers deserting them. To retain the limited class of well-to-do purchasers who insist on the best quality, a positively higher price must be charged!



at lower prices than the small shops, and they naturally do their utmost to attract customers by widely advertising their cheapness. The customers become used to these low prices, and insist on them as the only condition upon which they will continue to patronise the surviving smaller shops. These, unable to reduce their working expenses, complain piteously to the wholesale houses, who are, as we have seen, driven to supply them on the lowest possible terms, lest they lose their custom altogether.

We thus arrive at the consumer as the ultimate source of that persistent pressure on sellers, which, transmitted through the long chain of bargainings, finally crushes the isolated workman at the base of the pyramid. Yet, paradoxical as it may seem, the consumer is, of all the parties to the transaction, the least personally responsible for the result. For he takes no active part in the process. In the great market of the world, he but accepts what is spontaneously offered to him. He does not, as a rule, even suggest to the shopkeeper that he would like prices lowered. All he does—and it is enough to keep the whole machine in motion—is to demur to paying half a crown for an article, when some one else is offering him the same thing for two shillings. It may be urged that he ought to be ready to pay a higher price for a better quality. As a matter of fact, consumers, whether rich or poor, do strive, in an almost pathetic way, after some assurance of specific quality that would reconcile them to paying the higher price. They recognise that their own personal experience of any article is too casual and limited to afford any trustworthy guidance, and they accordingly exhibit a touching faith in “authority” of one kind or another. Tradition, current hearsay as to what experts have said, and even the vague impression left on the mind by the repeated assertions of mendacious advertisements, are all reasons for remaining faithful to a particular commodity, a particular brand or mark, or even a particular shop, irrespective of mere cheapness. But to enable the consumers to exercise this choice, there must be some easy means of

distinguishing between rival wares. It so happens that the bulk of the consumption of the community consists of goods which cannot be labelled or otherwise artificially distinguished. With regard to the vast majority of the purchases of daily life, no one but an expert can, with any assurance, discriminate between shades of quality, and the ordinary customer is reduced to decide by price alone. Nor could he, even on grounds of the highest philanthropy, reasonably take any other course. As a practical man, he knows it to be quite impossible for him to trace the article through its various stages of production and distribution, and to discover whether the extra sixpence charged by the dearer shop represents better wages to any workman, or goes as mere extra profit to one or other of the capitalists concerned. If he is an economist he will have a shrewd suspicion that the extra sixpence is most likely to be absorbed in one form or another of that rent of exceptional opportunity which plays so large a part in industrial incomes. Nor need he, in any particular case, have a presumption against low-priced articles as such, nor even against a fall in prices. The finest and most expensive broadcloth, made in the West of England factories, is the product of worse-paid labor than the cheap "tweeds" of Dewsbury or Batley. Costly handmade lace is, in actual fact, usually the outcome of cruelly long hours of labor, starvation wages, and incredibly bad sanitary conditions, whilst the cheap article, which Nottingham turns out by the ton, is the output of a closely combined trade, enjoying exceptionally high wages, short hours, and comfortable homes. In the same way the great fall in prices, which is so marked a feature of our time, is undoubtedly due, in the main (if not, as some say, to currency changes), to the natural and legitimate reduction of the real cost of production; to the improvement of technical processes, the cheapening of transport, the exclusion of unnecessary middlemen, and the general increase in intelligence and in the efficiency of social organisation. It follows that the consumers, as consumers, are helpless in the matter. The systematic pressure upon the

isolated workman which we have described has reference to them alone, and serves their immediate interests, but it cannot be said to be caused by anything within their volition, or to be alterable by anything which they, in their capacity of consumers, could possibly accomplish.<sup>1</sup>

Such, then, is the general form of the industrial organisation which, in so far as it is not tampered with by monopoly or collective regulation, grows up under "the system of natural liberty." The idea of mutual exchange of services by free and independent producers in a state of economic equality results, not in a simple, but in a highly complex industrial structure which, whether or not consistent with any real Liberty, is strikingly lacking in either Equality or Fraternity. What is most obvious about it is, not any freedom in alternatives enjoyed by the parties concerned,

<sup>1</sup> This analysis of the actual working of the modern business organisation, with its constant pressure on the seller, will remind the economic student of Professor Böhm-Bawerk's brilliant and suggestive exposition of the advantage of "present" over "future" goods. At every stage, from the wage-earner to the shopkeeper, it is the compulsion on the seller to barter his "future goods" for "present goods" which creates the stream of pressure. "It is undeniable," says Professor Böhm-Bawerk, "that, in this exchange of present commodities against future, the circumstances are of such a nature as to threaten the poor with exploitation of monopolists. Present goods are absolutely needed by everybody if people are to live. He who has not got them must try to obtain them at any price. To produce them on his own account is proscribed the poor man by circumstances. . . . He must, then, buy his present goods from those who have them . . . by selling his labor. But in this bargain he is doubly handicapped; first, by the position of compulsion in which he finds himself, and second, by the numerical relation existing between buyers and sellers of present goods. The capitalists who have present goods for sale are relatively few; the proletarians who must buy them are innumerable. In the market for present goods, then, a majority of buyers who find themselves compelled to buy stands opposite a minority of sellers, and this is a relation which obviously is profoundly favorable to the sellers [that is, the buyers of labor or wares] and unfavorable to the buyers [that is, the sellers of labor or wares]. . . . [This] may be corrected by active competition among sellers [of present goods]. . . . Fortunately, in actual life this is the rule, not the exception. But, every now and then, something will suspend the capitalists' competition, and then those unfortunates, whom fate has thrown on a local market ruled by monopoly, are delivered over to the discretion of the adversary. . . . Hence the low wages forcibly exploited from the workers—sometimes the workers of individual factories, sometimes of individual branches of production, sometimes—though happily not often, and only under peculiarly unfavorable circumstances—of whole nations."—E. von Böhm-Bawerk, *The Positive Theory of Capital* (London, 1891), p. 360.

but the general consciousness of working under pressure felt by every class of producers. At each link in the chain of bargaining, the superiority in "freedom" is so overwhelmingly on the side of the buyer, that the seller feels only constraint.<sup>1</sup> This freedom of the purchaser increases with every stage away from the actual production, until it culminates in the anarchic irresponsibility of the private customer, "free" alike from all moral considerations as to the conditions of employment, and from any intelligent appreciation of the quality of the product. On the other hand, the impulse for cheapness, of which the consumer is the unconscious source, grows in strength as it is transmitted from one stage of bargaining to another, until at last, with all its accumulated weight, it settles like an incubus on the isolated workman's means of subsistence.

We pause here for a moment, in our analysis of the industrial machine, to examine the case of the domestic servant. The reader will see, from this description of the higgling of the market, how pointless is the statement—used as a conclusive argument against the need for Trade Unionism, or its power to raise wages—of the good wages enjoyed by domestic servants. There is no analogy between the engagement of domestic servants to minister to the personal comfort of the relatively rich, and the wage-contract of the operative employed by the profit-maker. In the first place, the conditions of domestic service put employer and

<sup>1</sup> The existence of this feeling of constraint may be inferred from the efforts which each grade of producers makes to propitiate the buyers. Every form of bribery is used, from the sweated outworker's "tip" to the "giving-out foreman," the manufacturer's Christmas present to the "buyer" of the wholesale house, the wholesale trader's dinner to the shopkeepers, and, finally, the cook's perquisites from the butcher and the dairyman. *It is highly significant that it is always the seller who bribes, never the buyer.* Sometimes the seller's effort to escape the pressure takes the form of attempting—usually by giving credit—to entangle the buyer, so as to destroy his freedom to withhold his custom and compel him to continue his purchases. Thus, the leather-merchant gives credit to the boot-manufacturer, the boot-manufacturer to the shopkeeper, and the shopkeeper to the artisan—the well-understood condition always being that the buyer in each case continues to deal with the obliging seller, without too closely scrutinising his prices. We have already mentioned the "tallyman," who finds his profit in a similar entanglement of the necessitous customer.



employed much more on a par with regard to the bargain than those of industrial wage-labor. The alternative to the well-to-do woman of doing without a servant for a single day is perhaps as disagreeable to her as the alternative to the servant of being out of place; and the worry and inconvenience to the mistress of finding another servant is at least as great as the discomfort to the servant of getting another situation. In capacity of bargaining the servant is normally as good as the mistress, whilst in technical knowledge she is usually vastly superior. In the all-important matter of carrying out the bargain, it is the mistress, with her lack of knowledge, her indifference to details, and her preoccupation with other affairs, whose own ease of body and mind is at the mercy of the servant's hundred and one ways of making herself disagreeable. The personal comfort enjoyed by the servants in a typical middle-class household depends mainly on themselves; that of the mistress and her family depends to an enormous extent on the goodwill of her servants. But more important than all these considerations is the fact that the conditions of employment of domestic servants in middle or upper-class households are in no way affected by the stream of competitive pressure that weighs down the price of wares and the wages of their producers. As each household works for its own use, and not for sale, the temptation to "undercut" is entirely absent. It does not make an iota of difference to one mistress that another in the same town pays lower wages to her cook or her housemaid. Social pressure acts, in fact, in exactly the opposite direction. Such competition as exists between the households of the well-to-do classes, whether in London or county society, or in the more modest but not less comfortable professional or manufacturers' "set" of a provincial town, takes the form of providing more luxurious quarters and more perfect entertainment for desirable guests, and therefore tends positively to raise the wages spontaneously offered to clever and trustworthy servants. Under these circumstances it might have been predicted that the rise in

incomes, the greater desire for domestic comfort, and the growing preoccupation of upper and middle-class women in other things than housekeeping, would have resulted in a marked increase in the wages of servants in private households.<sup>1</sup> So helpless, in fact, are the "employers" in this case that, if cooks and housemaids formed an effective Trade Union, so as to use their strategic advantage to the utmost, middle-class women would be forced to defend themselves by taking refuge behind a salaried official or profit-making contractor—for instance, by resorting to residential clubs, boarding-houses, or co-operatively managed blocks of flats. It is noteworthy that wherever the profit-maker intervenes, the exceptional conditions enjoyed by domestic servants disappear. Notwithstanding the constant demand for servants in private households, the women who cook, scrub, clean, or wait in the common run of hotels, boarding-houses, lodgings, coffee-shops, or restaurants, are as ill-paid, as ill-treated, and as overworked as their sisters in other unorganised occupations.

So far we have mainly concerned ourselves with tracing the stream of pressure to its origin in the private customer. Now we have to consider the equally important fact that, as each class of producers becomes conscious of this pressure, it tries to escape from it, to resist or to evade it. All along the stream we discover the inhabitants of the "debatable land" raising bulwarks or dykes, sometimes with a view of maintaining quiet backwaters of profit for themselves, sometimes with the object of embanking their Standard of Life against further encroachments. <sup>2</sup>It is in

<sup>1</sup> It is, we think, somewhat discreditable to English economists that they should have gone on copying and recopying from each other's lectures and text-books the idea that this rise in wages among the domestic servants of the well-to-do classes constituted any argument against the validity of the case for Trade Unionism in the world of competitive industry. We can only attribute it to the fact that male economic lecturers and text-book writers have seldom themselves experienced the troubles of housekeeping, either on a large or on a small scale, whilst the few women economists have hitherto suffered from a lack of personal knowledge of the actual relations between capitalist and workman in the profit-making world.

this deliberate resistance to a merely indiscriminate pressure that we shall find, not only the scope of the Methods and Regulations of Trade Unionism by which certain sections of the wage-earners protect and improve the conditions of their employment, but also the fundamental reason for the analogous devices of the other producing classes—the trade secrets, patents and trade marks, the enormous advertising of specialities, the exclusive franchises or concessions, the capitalist manufacturer's struggle to supersede the trader, and the trader's backstair effort to do without the capitalist manufacturer, together with all the desperate attempts to form rings and trusts, syndicates and "alliances"—by one or other of which is to be explained the perpetual inequality in the profits of contemporary industry, and the heaping up of fortunes in particular trades. If it were not for this deliberate erection of dykes and bulwarks we should find, in all the old-established industries, every manufacturer and trader making only the bare minimum of profit, without which he would not be induced to engage in business at all, and, we may add, every wage-earner reduced to bare subsistence wages, below which he could not continue to exist. But instead of this equality in constraint, with its implication of equality in minimum remuneration, industrial life presents, and has for over two centuries always presented, a spectacle of extreme inequality, alike between classes, trades, and individuals. We do not here refer to the differences of remuneration that are commensurate with differences of personal capacity, whether physical or mental: these, like the differences in advantageousness of different sites and soils, with their equivalent differences of land rent, will, by the economist, easily be put on one side. But it is a matter of common observation that there are, at any moment, huge incomes being gained, now in one trade, now in another, which bear no relation whatever to the relative capacity of the manufacturers or traders concerned, or to the amount of work that they perform. To take only this century, whilst the brewers have always been piling up riches, we see the

great fortunes made in cotton and other textiles a hundred years ago succeeded by the fabulous profits of the coal-owners and iron-masters, together with those of the machine-making industry; the great wealth amassed by the ship-owners and foreign merchants followed by the expansion of the wholesale grocers, the alkali producers, and the sewing-machine manufacturers; whilst to-day huge gains are admittedly being reaped by the wholesale clothiers and provision dealers, the great soap and pill advertisers, and the bicycle makers. These times of great fortunes may, as regards any particular trade or any particular firm, last only a few years. But the experience of the last two centuries furnishes no period in which they did not exist in one quarter or another, and gives us no warrant for assuming that they will, under anything like the existing order of things, ever disappear. Though each particular case may be temporary only, the phenomenon itself is of constant occurrence. From the point of view of the community it is, accordingly, not evanescent but permanent. It may, in fact, be said to be even the most characteristic feature of the present industrial system as compared with any other, and it is one which vitally affects the life of every class. Without the constant presence of these exceptional profits the industrial world would differ as fundamentally from that in which we now exist as a Co-operative Commonwealth or a Socialist State. In our view, they cannot be philosophically accounted for by any reference to "economic friction" or "lack of mobility": they are, as we shall now attempt to show, the direct and necessary consequence, under the "system of natural liberty," of the fact that the stream of pressure that we have described impinges, not upon the normal weakness of the isolated individual seller, but upon a series of very unequal dykes and bulwarks, cast up by the different sections of the industrial world. By passing these briefly in review, we shall be prepared to see, in their due proportion, the devices peculiar to the wage-earning class.

Let us note first one incidental and purely advantageous



effect of the constant pressure on all existing products and in all existing markets. It stimulates the capitalist and brainworker to desire to escape from these closely swept fields, by discovering new products or new markets. The ever-present instinct of every manufacturer or trader is to invent an article which no rival yet produces, or to find customers whom no one yet serves. Here at last he finds a land of real freedom of contract, where he has the same economic liberty to refuse to cheapen his commodity as the buyer has to abstain from gratifying that particular desire. He cannot, of course, actually dictate terms, for the customer may always prefer to go on spending his income as he has hitherto done. But price is settled without reference to fear of competition, and is limited only by the extent and keenness of the demand. Merely to be first in the field in such a case often means a large fortune, which is but the reward for opening up a fresh source of income to producers and of satisfaction to consumers. But the capitalist is keenly conscious of the completeness with which the stream of pressure will presently deprive him of this economic liberty, and he therefore hastens to throw up a dyke before the stream reaches him. Two hundred years ago he turned, like the artisan, to the Government, and applied as a matter of course for a charter, giving him royal authority to exclude "interlopers." When the House of Commons took the view that there should be "no interference of the legislature with the freedom of trade, or with the right of every man to employ the capital he inherits, or has acquired, according to his own discretion,"<sup>1</sup> it might have been supposed that all legal dykes and bulwarks against perfect freedom of competition would be brought to an end. But though Parliament has swept away, on this plea, every kind of vested interest of the artisan, it has, throughout the whole century, permitted one section of capitalists after another to entrench

<sup>1</sup> *Report on Petitions of the Cotton Weavers, 1811; Report of the Committee on the State of the Woollen Manufacture in England, 1806; History of Trade Unionism, pp. 54, 56.*

themselves by laws which excluded other capitalists from competing with them. There has even been lately a recrudescence of Chartered Companies, legally secured in the enjoyment of exceptional privileges.<sup>1</sup> But apart from this accidental result of our growing Imperialism, the century has witnessed the building up of an unparalleled system of railway, gas, water, and tramway monopolies, founded on private Acts of Parliament. Here, it is true, Parliament reserves to itself the right at any time to license another competitor. But the policy throughout has been never to license a new undertaking in competition with one already in the field, however profitably the business may have resulted, unless the new promoters prove that there is a sufficiently large group or section of customers who are still unprovided with the service in question. Thus, it is never admitted even as an argument in favor of a proposed new water company or railway, that the one already in the field is paying 10 per cent dividend. The new promoters do not get their Act unless they convince a committee of each House of Parliament that no existing company is actually supplying the service which they desire to undertake. We do not think that people realise to what an extent the industrial wealth of the country is invested in channels thus legally safeguarded. We roughly estimate that, excluding land and houses, something like one-fourth of the total capital of the United Kingdom is invested under private Acts of Parliament, and in this way protected from the stream of competitive pressure. It is not merely that the privileged capitalists are able to retain the amount of custom with which they first started. They share with the landlords

<sup>1</sup> The modern form of charter carefully pays lip-homage to "freedom of trade." But as it usually gives the privileged adventurers the exclusive ownership of land and minerals, the right to levy import and export duties on all traders (which, when the company itself trades, it pays only from one pocket to another), and the power of constructing railways and ports and of making towns and markets, the independent trader (in the Niger Territories, for instance) or the independent miner (in Rhodesia, for instance) does not find his position financially so different from that of the eighteenth-century "interloper" as might be supposed.

the unearned increment arising from the mere growth of population. They are even protected against the whole community itself, which is not permitted co-operatively to provide its own railways or water or gas, without first satisfying the monopolist who is in the field. We need not consider whether there was any other way of inducing capitalists to embark in these large, and, at one time, venturesome undertakings, otherwise than by thus according them what is virtually a legal guarantee of protection for their "established expectation." But this deliberate Parliamentary policy of creating and maintaining vested interests as the best means of securing the performance of particular services—this virtual defence against the full stream of competitive pressure enjoyed by a quarter of the whole industrial capital of the community—is in itself an interesting criticism of "the system of natural liberty."

If we pass now to another incidental advantage of the pressure—the incessant attempts of manufacturers to improve their technical processes—we shall find another successful revolt against "the system of natural liberty." If by some new invention, or new machine, the cost of production can be reduced, or a superior article turned out, the manufacturer will be able to yield to the pressure of the wholesale trader, and yet make, at his ease, an increased profit for himself. The effect of the pressure would thus, it would seem, be to give the greatest possible stimulus to improvements in technical processes. But unless the manufacturer can erect some kind of dyke for his improvement, so as to prevent the other manufacturers from adopting the same device, he will very likely find that the invention has been a positive loss to him and them alike. For by the time the principal manufacturers have adopted the improvement, no one among them is any better able to withstand the pressure of the wholesale trader than he was before. The stream of competition will have swept away the whole economic advantage of the new invention by way of reduction of price, to the advantage, first of the traders, and eventually

of the customers. But this does not complete the existing manufacturers' discomfiture. To adopt the new invention will have involved an additional outlay of capital, and can scarcely fail to have rendered obsolete, and so destroyed, some portion of their previous possessions. Even at this cost, the adaptation of the old mills to the new requirements leaves much to be desired from the point of view of perfect economy of production. Here is the chance for a new capitalist to build an entirely new mill, equipped with the very latest improvements, and making the utmost of the new invention. The old manufacturers, to whose ingenuity and enterprise the improvement was due, thus find themselves, under a system of free and unregulated competition, placed by it at a positive disadvantage. In this result lies the justification of the Patent Laws, which give the owner of a new invention a legal monopoly of its use for a term of (in the United Kingdom) fourteen years. The present century, and especially the present generation, has seen an enormous extension of patents in every industry, it being now actually rare to find any important manufacturer who does not enjoy one or more of these defences against competition. And though each of them lasts only for fourteen years, capitalist ingenuity has found a way of indefinitely extending their protection. Before one patent runs out, another is secured for some subsidiary improvement in the original invention, which the patentee has, of course, had the best opportunity of discovering, or which he has bought from a needy inventor. The right to manufacture the original invention becomes in due course common to all, but is then of little use to anybody, for the legally protected monopolist of the latest improvement still holds the field. No estimate can be formed of the amount of the capital that is thus by patents legally protected from the pressure of free competition, but its amount is enormous and daily increasing.

We have hitherto dealt with the various forms of legal protection by which the capitalists have succeeded in embanking their profits against the stream of competitive



pressure. We come now to other devices with the same object. What the manufacturer seeks is in some way to escape from the penetrating pressure exercised by the wholesale trader. Stimulated by the desire to secure increased profits for himself, the trader is always setting his wits to work to see how he can transform the blind, impartial pressure of the private customer into a force so regulated and concentrated as to press always where there is least resistance. His specialist skill in bargaining, his trained appreciation of the minutest grades of quality, and his quick apprehension of improvements in technical processes, enable him so to play off the competing manufacturers one against the other, as to make them yield up, more quickly and more completely than would otherwise have been necessary, the exceptional profits that he discovers them to be enjoying. Thus, in the typically complete form of modern business organisation, the wholesale and retail traders act, virtually, as the expert agents of the ignorant consumer. The manufacturers are always seeking to relieve themselves of this expert criticism and deliberately adjusted pressure on the price or quality of their wares, by entering into direct relations with the private customer. This is the economic explanation of the growth, during the present generation, of the world-wide advertisement of distinctive specialities, and the consequent development of the use of trade marks or makers' names. If such an impression can be created on the minds of consumers that thousands of them will insist on purchasing some particular article, the manufacturer of that article gains enormously in his strategic position towards the wholesale trader. It matters not for this purpose whether the consumer's prejudice is or is not founded on proved excellence: many a quack medicine gives as secure a position of vantage as has been won by Cadbury's Cocoa or Dr. Jaeger's woollens. This enormous development of "proprietary articles," beginning with patent medicines, but now including almost every kind of household requisite, has led to an interesting form of bulwark against the

lowering of prices. The manufacturer of a proprietary article that has once secured the favor of the public, sees little advantage in the cut-throat competition which results in the customer getting it at a lower price. He does not find that appreciably more of his speciality is sold when customers can buy it for elevenpence instead of thirteenspence-halfpenny. What happens, however, in such a case is that the pressure on the wholesale trader to give special discounts, or otherwise lower the wholesale price, becomes so irresistible, that, presently, the wholesale house finds it practically unremunerative to deal in the article at all, to the consequent loss of the manufacturer. The enterprising proprietor of a distinctive speciality therefore attempts nowadays to fix the price all along the line. For the protection of all parties concerned, he devises what is called an "ironclad contract." He refuses to supply, or withholds the best discount from, any wholesale trader who will not formally bind himself, under penalty, not to sell below a certain prescribed "wholesale price." He may even prescribe a definite retail price, below which no shopkeeper may sell his wares, under penalty of finding the supply cut off. Our own impression is that, where the wholesale trader and the retail shopkeeper continue to be employed at all in the distribution of newly invented commodities, this strictly protected and highly regulated business organisation is already the typical form.<sup>1</sup>

<sup>1</sup> These "ironclad contracts" are not easily seen by persons unconnected with the particular trade, and we do not believe that any one has an adequate idea of their rapid increase, or of the enormous proportion of the total trade to which they now extend. We have had the privilege of studying their operation in one of the largest of English wholesale houses, supplying household requisites of every kind, and itself entering into scores of contracts of this sort. We have now before us the confidential circulars of a manufacturer of well-known specialities, dated 8th June 1896, from which we append some extracts. The circular to retailers, after specifying the wholesale prices and discounts, continues: "To avoid confusion of prices, and also to prevent 'cutting,' and secure a legitimate profit for our customers, we respectfully require all whom we supply not to sell under the prices named below. In the interests of our customers, therefore, *only those will be supplied who have signed an agreement to this effect.*" The circular to the wholesale houses states that there will be paid "a bonus of 5 per cent conditional on goods not being 'cut' below our own quotations to the

But although the shopkeeper prefers regulation of the price of proprietary articles to the ruinous results of free competition in their sale, he greatly dislikes proprietary articles altogether. He is always trying to give a preference to nondescript commodities, of which he can "push" one make rather than another, and thus take advantage of the customer's ignorance to secure larger profits.<sup>1</sup> The manufacturers of proprietary articles retort by appointing their own retail agents on a definite commission, thus bringing into the field the vast number of bakers who sell packet tea, or newsvendors who push a special brand of tobacco. A new product, such as typewriting machines or bicycles, will break away altogether from the typical business organisation, and we see the manufacturers keeping in their own hands both the wholesale and the retail trade, even absorbing also the shipping business and the repairing. When neither patent nor trademark, long-standing reputation nor world-wide advertisement can be used as a bulwark, manufacturers try to protect themselves by rings and other arrangements to fix prices. So obvious is the pecuniary advantage of this course, that it is only the long habits of fighting each other, and the mutual suspicion thus engendered, which prevent a much wider adoption of this expedient by English manufacturers.<sup>2</sup> Finally, we have such bold attempts to abolish

retail trade. . . . This will enable wholesale houses . . . to secure nearly 14 per cent profit, and will, we trust, ensure your continual interest in pushing (the article)." See also an article on "Combination in Shopkeeping" in *Progressive Review*, April 1897.

<sup>1</sup> It is interesting to notice, in this connection, how willingly the Legislature has lent itself, by the comprehensive provisions of the Merchandise Marks Acts, to the legal protection of the security enjoyed by "proprietary articles" against competition either in price or quality. A chemist may make "Condy's Fluid" (the well-known disinfecting solution of permanganate of potash) exactly in the same way as Condy, cheaper than Condy, and better than Condy, but he must not sell, under the only name by which customers will ask for it, any but the article supplied—it may be under an "ironclad contract"—by Condy himself.

<sup>2</sup> We may cite one of the many informal and unknown "rings," which dominate particular branches of manufacture. The English hollow-ware trade, for instance (the manufacture of metal utensils of all kinds) is practically confined to about a dozen firms in and near Birmingham. These have, for many years, united in fixing the prices of all the articles they manu-

competition altogether, by the union of all rivals into a single amalgamation, as have partially or wholly succeeded in the screw, cotton-thread, salt, alkali, and indiarubber tyre industries in this country, and in innumerable other cases in the United States.

In all the foregoing attempts to resist or evade the stream of pressure, the device of the capitalist may be regarded as some form of dyke, tending to maintain prices at a paying level. In other cases we see a different expedient. We have already noticed the fact that, when a new industry springs up, there is nowadays a tendency to prevent any differentiation of productive structure, and to retain all the grades in a single hand. Thus the typewriter and bicycle manufacturers, following in the wake of the great sewing-machine producers, eliminate all the traders. But the telescoping may start also from the other end. Out of the village pedlar in the country, or the little town retailer of cheap boots and clothes, has grown the colossal wholesale clothier of our day, who gives out work to thousands of isolated families all over the country; sorts and labels in his warehouse their diverse products; supplies his own retail shops in the different towns; executes asylum and workhouse contracts; and ships, on his own account, to Cape Town or Melbourne, the hundreds of thousands of "cheap suits" annually absorbed by the Colonies. Here the characteristic feature is not the keeping up of the price against the consumer, but an exceptionally terrible engine of oppression of the manual-working producer. In all the "sweated industries," in fact, the capitalist's expedient is not to evade the pressure for cheapness, but to find a means of making that pressure fall with all its weight on the worker. We have already described the disadvantageous position of

facture. A uniform wholesale price-list is agreed upon, with three different rates of discount. The firms are classified by common consent, according to the perfection of finish of their wares and the prestige which they enjoy, into three grades, each adhering to its corresponding rate of discount. This "ring" is quite informal, but has for years been well maintained to the apparent satisfaction of its members.



the isolated workman when he bargains with the owner of a mill or a factory. But he has, at any rate, the advantage of knowing what the other workmen are paid, and the invaluable moral support which comes from the companionship of numbers. Moreover, as we have seen, in mills and factories, the Trade Union Methods of Mutual Insurance, Collective Bargaining, and Legal Enactment erect dykes in the form of Common Rules, the economic effects of which we shall presently discuss. But the home-worker is without any of these protections, and finds himself reduced, as a rule, to the barest subsistence wage. And when, as in the slop-clothing trade, these home-workers are mainly drawn from classes without any notion of a definite "Standard of Life"—for Polish Jews and unskilled Englishwomen will do any work, at any price, under any conditions—their wages will be driven even below what would keep the class permanently in working efficiency. Thus, in the so-called "sweating system" the capitalist employer has found a way, not only of evading the downward pressure which the wholesale and retail trader normally exercises upon the manufacturer, but also of escaping the resistance either of combination or legal regulation by which the factory owner seeking to reduce the Standard of Life now usually finds himself confronted. The colossal fortunes which have been, and are still being, made by the wholesale clothiers represent the absorption, by one small section of capitalists, of absolutely the whole of that debatable land lying between the price that a careless consumer, ignorant alike of quality and of the transformation of the industry, will continue to pay, and the wage that half-subsidised women and a stream of outcast Jews from other lands will continue to accept, rather than forego employment altogether.

We have in the foregoing pages briefly indicated some of the principal devices by which almost every section of capitalists, whether manufacturers or traders, nowadays succeed in evading, resisting, or controlling in their own interests the blind coercion which the great mass of unin-

formed and irresponsible consumers are always unconsciously exercising. To analyse adequately these various expedients, to discuss how far they increase or diminish the wealth of nations, to discover how they affect national character or are consistent with this or that view of social expediency, would require as detailed an investigation of the actual facts of business organisation as we have undertaken with regard to Trade Unionism. Such an investigation would, we believe, yield results of the utmost value to the community. One thing is clear. Those capitalist dykes and bulwarks, short cuts and artificial floodings, have become so constant and general a feature of the whole "debatable land" of economic bargaining, that any discussion of the relation between consumer and producer, or between capitalist, brain-worker, and manual laborer, which is based on the assumption of a mutual exchange of services among freely competing individual bargainers, is, from a practical point of view, entirely obsolete. We have, in fact, to work out a new scientific analysis, not of any ideal state of "natural liberty," but of the actual facts of a world of more or less complete economic monopolies—legal monopolies, natural monopolies, monopolies arising out of exploiting the prejudices of consumers, and, last but not least, monopolies deliberately constructed by the tacit or formal combination or amalgamation of all the competing interests.<sup>1</sup> But before passing away from this, by the economist, as yet unexplored world,

<sup>1</sup> In the *Groundwork of Economics*, sec. 20, p. 33 (London, 1883), Mr. C. S. Devas reminds us that, "in a wise moment," J. S. Mill objected to the abstract methods of his father, and the other economic politicians of that school. "It is not to be imagined possible," Mill said, "nor is it true in point of fact, that these philosophers regarded the few premises of their theory as including all that is required for explaining social phenomena. . . . They would have applied, and did apply, their principles with innumerable allowances. But it is not allowances that are wanted. . . . It is unphilosophical to construct a science out of a few agencies by which the phenomena are determined. . . . *We ought to study all the determining agencies equally, and endeavor, as far as it can be done, to include all of them within the pale of the science, else we shall infallibly bestow a disproportionate attention upon those which our theory takes into account, while we misestimate the rest, and probably underrate their importance.*" The quotation is from Mill's *System of Logic*, Book VI., end of chap. viii.

we are compelled to note how it impinges on our own province.<sup>1</sup>

In our analysis of the chain of bargainings which take place between the manual worker and the private customer, and so determine the wages of labor, we demonstrated, not only that the isolated individual workman was at a serious disadvantage in bargaining with the capitalist manufacturer, but also that the capitalist manufacturer himself was to a large extent powerless to offer terms above those prevailing in other establishments. But this latter consideration, as we now see, does not necessarily apply to any but those cases in which there has been no obstruction of the full stream of competitive pressure. If an individual employer is able to ward off this pressure from the price of his product by an exclusive concession or a patent, a trade mark, or even an assured personal connection, or if the whole body of employers can unite in a tacit or formal combination to

<sup>1</sup> These monopolies, it will be observed, are, to a large extent, actually the outcome of legal freedom of contract. If every man is to be free to enter into such contracts as seem to him best in his own interest, it is impossible to deny him the right of joining with his fellow-capitalists to fix prices, regulate production, or actually to amalgamate all competing interests, if this is deemed most advantageous. "Monopoly," says Professor Foxwell, "is inevitable. . . . It is a natural outgrowth of industrial freedom" ("The Growth of Monopoly, and its Bearing on the Functions of the State," in *Revue d'Économie Politique*, vol. iii. September 1889). That this state of things involves the economic compulsion of minorities, the ruin of newcomers by deliberate underselling, and the driving out of the trade of any recalcitrant firm, is, as Mr. Justice Chitty lucidly explained in the case of the *Mogul Steamship Co. v. Macgregor, Gow, and Co.*, an inevitable result of legal freedom of contract. The classic economists never made up their minds whether, by a "system of natural liberty," they meant individual freedom of contract, or free competition between individuals. As we have already explained in our chapter on "The Method of Collective Bargaining," these two social ideals are not only not identical, but hopelessly inconsistent with each other. Alike in the world of capital and in the world of labor, individual freedom of contract leads inevitably to combination, and this destroys free competition between individuals. If we desire to maintain free competition between individuals, the only conceivable way would be such a state interference with contracts as would prevent, not only every kind of association, but also every alienation of land and every transfer of small businesses to larger ones, which would in any way cause or increase inequality of wealth or power. Indeed, it would be an interesting point for academic discussion whether free competition among equal units, supposing this to be desired and to be compatible with human nature, can be permanently secured in any other way than by the "nationalisation of the means of production, distribution, and exchange."

regulate the trade, the workpeople in these establishments might, it may be argued, stand some chance of receiving better wages. And in so far as these partial monopolies are directed by public-spirited philanthropists,—*so long, too, as the exceptional profits remain in the hands of the original capitalists*,—this presumption is borne out by facts. Such well-known firms as Cadbury, Horrocks, Tangye, and a host of other manufacturers of specialities, are noted for being “good employers,” that is, for voluntarily conceding to each grade of labor better terms than similar workers obtain in other establishments. But in this connection it is important to remember that the standard by which the “good employer” determines the conditions of labor is not any deliberate view of what is required for full family efficiency and worthy citizenship, but a practical estimate of what each grade of workers would obtain from the ordinary employer, working under competitive pressure. Hence a comparatively small addition to weekly wages, a more equitable piecework list, a larger degree of consideration in fixing the hours for beginning or quitting work, the intervals for meals and the arrangements for holidays, greater care in providing the little comforts of the factory, or in rendering impossible the petty tyrannies of foremen,—any of these ameliorations of the conditions of labor will suffice, without serious inroads on profits, to attract to a firm the best workers in the town, to gain for it a reputation for justice and benevolence, and to give the employer’s family an abiding sense of satisfaction whenever they enter the works, or cross the thresholds of their operatives’ homes. To this extent it is true that “the strength of the capitalist is the shield of the laborer.”<sup>1</sup> But this relatively humane relationship is nowadays seldom of long standing. If the business grows to any size it will very soon be formed into a joint-stock company, in which the old partners may at first retain a large interest, but of which a yearly increasing proportion is transferred to outside shareholders. These new shareholders, who will have bought in

<sup>1</sup> *Trade Unionism*, by James Stirling (Glasgow, 1869), p. 42.



at a price yielding them no more than the current rate of interest for that class of security, feel that they have no margin of exceptional profit to dispose of. Even if the old partners' families retain large holdings in their ancestral concern, they have, by capitalising their profits, lost their privilege of being benevolent with them; and the shareholders' meeting, the board of directors, and the salaried general manager inevitably bring in "business principles," and pay no more for labor than they are compelled. And when we pass to the gigantic capitalist corporations, administering legal monopolies, or to the colossal amalgamations more and more dominating the industrial world, we find, in sharpest contrast with the patriarchal employer of economic romance, the daily changing crowd of share and debenture owners, devoid of any responsibility for the conditions of labor, and as uninformed and heedless as the consumer himself. It is not too much to say that, so far as concerns the personal life of the 50,000 employees of the London and North-Western Railway Company, the 55,000 ordinary shareholders, who own that vast enterprise, are even more ignorant, more inaccessible, and more irresponsible than the millions of passengers whom they serve. The situation is intensified by the fact that, in the absence of law or Collective Bargaining, these great capitalist monopolies can practically dictate their own terms to their workpeople. If, as is now admitted, the isolated workman stands at a serious disadvantage in bargaining with the capitalist manufacturer, what shall we say of the position of the candidate who applies for the situation of porter or shunter to the officer of a great railway company? Here the very notion of bargaining disappears. This does not mean that such capitalists will necessarily dictate the absolute minimum wage. The corporation decides, in its own interest, what policy it will pursue as regards wages, hours, and other conditions. Porters and shunters, plate-layers and general laborers, can be had practically in any number at any price. Whether it pays best to give the lowest wage on which the

human animal can temporarily subsist, and be content with a low level of muscular endurance, or whether it is better to pay for superior men, and work them for ninety hours a week, is a question which, in the absence of any interference with "freedom of contract," is settled on much the same principles as actuate a tramway company, deciding whether it is more profitable to wear its horses out in four years or in seven. And once the worker enters the employment of any of these gigantic monopolists, the alternative to submission to his employer's commands is, not merely changing his situation, but finding some new means of livelihood. For a railway servant who leaves without a character, or with a black mark against his name, knows perfectly well that he will seek a situation in vain from any other railway company in the kingdom. Thus it is only in exceptional instances, and then only temporarily, that the wage-earners as a class get any share of the extra profits secured to the capitalists by their dykes and bulwarks. These exceptional profits are quickly capitalised by their owners, and transferred to new shareholders who come in at a premium. The more complete and legally secured is the monopoly, the more certain it is to be disposed of at a price which yields only a low rate of interest—in extreme cases, such as urban waterworks, approximating actually to the return on government securities themselves. On the other hand, the position of the wage-earner is positively worsened, in the colossal capitalist corporations, by the absence of effective competition for his services by rival employers. The difference in strategic position becomes so overwhelming that the wage-contract ceases to be, in any genuine sense, a bargain at all.<sup>1</sup>

Amid all the capitalist devices that we have described, the workmen's efforts to protect themselves against the full

<sup>1</sup> "To assume that the competition between the employer on the one hand, and the wage-earners on the other, when the latter are unorganised and unprotected by law, is a competition between equal units, is so fanciful and contrary to fact, that any conclusions drawn from such an assumption can have little value under present circumstances."—B. R. Wise, *Industrial Freedom* (London, 1892), pp. 13, 15.

stream of competitive pressure will seem comparatively modest. Unlike the promoters of great capitalist undertakings, no section of the wage-earners can nowadays secure from Parliament any exclusive right to perform a certain service. Unlike the owner of a newly-invented machine, a workman cannot even retain a legal monopoly of the most ingenious improvement that he may make in his own share of the productive process, for no country grants a patent to the inventor of a new trick of manual dexterity—perhaps only a novel way of using the fingers—which enormously increases the productivity of industry. Nor can even the most skilled manual laborer in our time assure to himself, like the advertiser of a speciality, or of a legally secured trade mark, the faithful custom of a large body of distant private consumers. And the fact that the wage-earners form the base of the industrial pyramid, and have no weaker class below to whom they can transfer the pressure, shuts them out from such evasions of the stream as we have seen to profit the wholesale clothier. All these dykes and bulwarks are, and must necessarily remain, the exclusive possession of the owners of capital.<sup>1</sup>

The first expedient of the Anglo-Saxon workman is rather an instinct than a method. Over a large part of the

<sup>1</sup> Individual workmen may, of course, become owners of capital, perhaps in the form of sub-contractors, and thus rise out of their class. But this does not affect (unless, indeed, adversely) the economic position of the class itself. It is also claimed by one school of co-operators that associations of wage-earners might entirely supersede the relation of capitalist employer and manual-working wage-earner. Just as a combination of employers or the manufacturers of a proprietary article practically turn the traders into their agents, so an association of workmen might turn the capitalist entrepreneur into a salaried manager working under their orders. This, however, would involve a section of workpeople becoming the owners of the capital with which they work. If this ownership of the instruments of production by associations of producers ever became universal, it would naturally be unnecessary to continue to discuss the economic position of a class of wage-earners. The reasons which, in our opinion, make any such general merging of the positions of capitalist and wage-earner inherently and permanently impossible—the causes which have hitherto prevented such “associations of producers” from becoming even an important part of the British Co-operative Movement—will be found fully stated in *The Co-operative Movement in Great Britain* (London, first edition 1891, second edition 1894), by Beatrice Potter (Mrs. Sidney Webb).

industrial field, the wage-earners cling with stubborn obstinacy to certain customary standards of expenditure. However overpowering may be the strategic strength of the employer, however unorganised and resourceless may be the wage-earners, it is found to be impossible to reduce the wages and other conditions of particular grades of workmen below a certain vaguely defined standard. In the years of worst trade, when thousands of engineers or boilermakers, masons or plumbers, are walking the streets in search of work, the most grasping employer knows that it is useless for him to offer them work in their respective trades at ten or fifteen shillings a week. Sooner than suffer such violence to their feelings of what is fit and becoming to their social position, they will work as unskilled laborers, or pick up odd jobs, for the same, or even lower earnings than they refuse as craftsmen. This stubborn refusal to render their particular class of service for a wage that strikes them as outrageously below their customary standard, does not depend on their belonging to a Trade Union, for it is characteristic of unionists and non-unionists alike, and is found in trades in which no combination exists. Even the dock-laborer, who frantically struggles at the dock-gates for any kind of employment, turns sulky, and discharges himself after a few hours, if he is asked to work for a shilling a day. Nor does it apply only to money wages. The British workman in the building trades, though he is paid by the hour, and often belongs to no union, will accept any alternative rather than let his employer keep him habitually at work for fifteen hours a day. Nor has this conventional minimum any assignable relation to the cost of actual subsistence. The young engineer or plumber, unencumbered by wife or child, indignantly refuses to work for a wage upon which millions of his fellow-citizens not only exist, but marry and bring up families. On the other hand, though the London dock-laborer will not go on working at a shilling a day, he willingly accepts irregular work at a rate per hour which, taking into account the periods of unemployment incidental



to his occupation, is demonstrably insufficient for sustained physical health or industrial efficiency. This practical check on the employer's power of reducing wages has always been observed by the economists. "Where," observed J. S. Mill, "there is not in the people, or in some very large proportion of them, a resolute resistance to this deterioration—a determination to preserve an established standard of comfort—the condition of the poorest class sinks, even in a progressive state, to the lowest point which they will consent to endure."<sup>1</sup> The classic economists were especially struck by the way in which this determination to preserve an established standard of comfort affected the level of wages in different countries, and among different districts or races in the same country.<sup>2</sup> "Custom," said Adam Smith, . . . "has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men, but not to the same order of women, who may, without any discredit, walk about barefooted. In France they are necessities neither to men nor to women."<sup>3</sup> "The circumstances and habits of

<sup>1</sup> J. S. Mill, *Principles of Political Economy*, Book IV. chap. vi. § 1, p. 453. "The habitual earnings of the working classes at large can be affected by nothing but the habitual requirements of the laboring people; these, indeed, may be altered, but while they remain the same wages never fall permanently below the standard of these requirements and do not long remain above that standard."—*Ibid.* Book V. chap. x. § 5, p. 564.

<sup>2</sup> "In England, for example, the lower classes principally live on wheaten bread and butcher's meat, in Ireland on potatoes, and in China and Hindostan on rice. In many provinces of France and Spain an allowance of wine is considered indispensable. In England the laboring class entertain nearly the same opinion with respect to porter, beer, and cider; whereas the Chinese and Hindoos drink only water. The peasantry of Ireland live in miserable mud-cabins without either a window or a chimney, or anything that can be called furniture; while in England the cottages of the peasantry have glass windows and chimneys, are well furnished, and are as much distinguished for their neatness, cleanliness, and comfort, as those of the Irish for their filth and misery. *These differences in their manner of living occasion equal differences in their wages*; so that, while the average price of a day's labor may be taken at from 20d. to 2s., it cannot be taken at more than 7d. in Ireland, and 3d. in Hindostan."—J. R. McCulloch, *A Treatise on the Circumstances which determine the Rate of Wages* (London, 1851), p. 32.

<sup>3</sup> *Wealth of Nations*, Book V. chap. ii. art. iv. p. 393.

living prevalent in England," wrote Colonel Torrens, "have long determined that women in the laboring classes shall wear their feet and legs covered, and eat wheaten bread, with a portion of animal food. Now, long before the rate of wages could be so reduced as to compel women in this part of the United Kingdom to go with their legs and feet uncovered, and to subsist upon potatoes, with perhaps a little milk from which the butter had been taken, all the laboring classes would be upon parochial relief, and the land in a great measure depopulated."<sup>1</sup> "These differences in their manner of living," summed up M'Culloch, "occasion equal differences in their wages." But whilst the fact was clearly recognised, no satisfactory explanation of it was given. The only reason for these differences in wages that the classic economists could allege was that the customary "standard of comfort" determined the rate at which the population would increase—that any attempt by the employer to reduce wages below this level would promptly cause fewer children to be born, and thus alter the ratio of workers to wage-fund twenty years hence!<sup>2</sup> But this, it is obvious, does not tell us why it is that the workman is able to refuse to accept less to-day, even if population statistics still allowed us to make any such assumption about the birth-rate. If the economists had not been obsessed by the fallacy of a pre-determined wage-fund, they would have perceived, in this clinging of each generation to its accustomed livelihood, a primitive bulwark against the innovation of fixing all the conditions of labor by "free competition" among candidates for employment. To the modern observer it is obvious that

<sup>1</sup> *Essay on the External Corn Trade*, by Robert Torrens (London, 1815), p. 58. See other references in Gunton's *Wealth and Progress* (London, 1888), p. 193.

<sup>2</sup> "Even though wages were high enough to admit of food's becoming more costly without depriving the laborers and their families of necessities; though they could bear, physically speaking, to be worse off, perhaps they would not consent to be so. They might have habits of comfort which were to them as necessities, and sooner than forego which they would put an additional restraint on their power of multiplication, so that wages would rise, not by increase of deaths but by diminution of births."—J. S. Mill, *Principles of Political Economy*, Book II. chap. xi. § 2, p. 209 (London, 1865).

the existence, among all the workmen of a particular grade, of an identical notion as to what amount and kind of weekly expenditure constitutes subsistence, is in itself equivalent to a tacit combination. It is, in fact, however it may have come about, an incipient Common Rule, supported by a universal and prolonged refusal to work, which is none the less a strike in that it is unconcerted and undeliberate. If every artisan, without the slightest concert with his fellows, is possessed by an unreasoning prejudice that he and his family must consume wheaten bread, butcher's meat, beer, and tea, instead of living on oatmeal, maize, potatoes, and water, the employer will find it useless to suggest that "any meal is better than none." He quickly discovers that if he offers wages which will provide only the cheaper food, no individual of the class that he requires will accept his situation. He is, in fact, face to face with what is virtually a universal strike. Like all other strikes it may, for one reason or another, presently fail. But as long as it lasts the alternative to the employer of coming to terms with the workman is, not one man's absence from his usual staff, but getting no men at all—not foregoing a fraction of his profits, but shutting up his establishment. It is accordingly plain that, in a class of workmen among whom any such identical notion as to the Standard of Comfort exists, the isolated individual wage-earner bargains at greater advantage than he would if he and his fellows were willing to accept any kind of wages rather than none. The mere existence, among all the workmen competing for a certain class of employment, of an identical notion as to what constitutes their minimum subsistence, amounts, therefore, even without concert or reserve-fund, to a real bulwark against the pressure of competition.<sup>1</sup>

<sup>1</sup> We are unable here to do more than refer to the existence of these popular ideas as to the Standard of Life. How they originate—why, for instance, the English workman should always have insisted on eating costly and unnutritious wheaten bread, or why some classes or races display so much more stubbornness of standard than others, would be a fruitful subject for economic inquiry. We suggest, as a hypothetical classification by way of starting-point, that the races and classes of wage-earners seem to divide themselves into three groups. There are those who, like the Anglo-Saxon skilled artisan, will not work below a

But this primitive bulwark—the instinctive Standard of Life of uncombined resourceless wage-earners—has grave defects. It is, in the first place, a weak bulwark, seldom able to withstand the exceptional pressure of times of adversity, especially as it often fails to cover equally the whole length of the line. Moreover, it is usually weakest in its upper parts, so that the employers, in periods of great pressure, always succeed in planing it down a little. On the other hand, owing to the absence of any deliberate concert, it cannot practically be raised by the workmen's own efforts, even when the pressure is withdrawn, and thus, in the absence of any better protection or of the intervention of some outside force, it is apt to become gradually lower and lower. These defects arise, as we shall see, from (1) the necessary indefiniteness of a merely instinctive Standard of Life, (2) the absence of any material support for the wage-earner's stubbornness, and (3) the impossibility without concerted action of adjusting the workmen's instinctive demands so as to meet the changing circumstances of the industry.

customary minimum Standard of Life, but who have no maximum; that is to say, they will be stimulated to intenser effort and new wants by every increase of income. There are races who, like the African negro, have no assignable minimum, but a very low maximum; they will work, that is, for indefinitely low wages, but cannot be induced to work at all once their primitive wants are satisfied. Finally, there is the Jew, who, as we think, is unique in possessing neither a minimum nor a maximum; he will accept the lowest terms rather than remain out of employment; as he rises in the world new wants stimulate him to increased intensity of effort, and no amount of income causes him to slacken his indefatigable activity. To this remarkable elasticity in the Standard of Life is, we suggest, to be attributed both the wealth and the poverty of the Jews—the striking fact that their wage-earning class is permanently the poorest in all Europe, whilst individual Jews are the wealthiest men of their respective countries.

The position of the English working-woman in this connection would especially repay inquiry. The poverty-stricken widow, with children depending on her for bread, will accept any rate of wages or any length of hours rather than refuse employment. On the other hand, the well-brought-up daughter of the artisan will obstinately insist on certain conditions of decency, comfort, and "respectability" in her work. But owing to the fact that she so often is not wholly dependent on her wages, she is apt to accept any rate of pay rather than leave a comfortable and well-conducted factory, and employers often complain that no stimulus of piecework or bonus will induce such women-workers to increase their effort beyond a somewhat low maximum.



The lack of definiteness is an essential feature of any merely instinctive standard. What the isolated individual workman feels is that he is entitled to a certain mode of living, a certain vague quantum of weekly expenditure, in return for an equally vague quantum of daily work. Each man translates this for himself into terms of wages, hours, etc., and the translations of thousands of men in different parts of the country inevitably differ among themselves. All engineers, for instance, would agree that fifteen shillings a week was far below their minimum standard. But, in the absence of any concerted action, they would differ among themselves as to whether its money equivalent at a particular time and place was twenty-seven or twenty-nine shillings a week, or whether any given piecework rate was or was not a fair one. Still more indefinite is the workman's instinctive Standard of Life with regard to the length of the working day, meal times, and holidays; fines and deductions of every kind; the conditions of over-crowding and ventilation, decency and safety, under which his work is done; and the wear and tear of nerves, muscles, and clothes to which he is exposed. These differences of translation are the employer's opportunity. By constantly insisting upon taking, as the standard on any point, the lowest translation made by any candidate for employment, he is able gradually to beat all the others down to that level.

It is a no less serious cause of weakness that, in the absence of any collective reserve fund, the isolated individual worker cannot hope to be able to stand out long against an obstinate employer. However strong may be the repugnance to accept what is felt to be less than the standard wage, the workman who has no other resources than the sale of his labor will find himself every day more strongly tempted by necessity to accept something less than he claims. When he is once in employment, his outspoken revolt against any "nibbling" at wages, "cribbing time," or other worsening of the conditions, will be checked, especially in periods of slackness, by his reluctance to "quarrel with his bread and butter."

What the most necessitous man submits to, all the others soon find themselves pressed to put up with. Thus, in the absence of any financial strengthening of the weakest members, the bulwark of a merely instinctive Standard of Life insidiously gives way before employers' importunities.

Finally, whilst the bulwark of a Standard of Life is always yielding under the pressure of severe competition, it does not get systematically built up again in the seasons when the pressure is lightened. To the capitalist the scanty profits of lean years are made up by largely swollen gains in the alternating periods of commercial prosperity. But a wage determined only by an instinctive Standard of Life does not rise merely because the employers are temporarily making larger profits. The "habits and customs" of a people—their ideas of what is necessary for comfort and social decency—may, in the slow course of generations of prosperity, silently and imperceptibly change for the better, but they are unaffected by the swift and spasmodic fluctuations which characterise modern industry. Thus, in years of good trade, when no competent man need remain long unemployed, though the pushing workman may, without a Trade Union, temporarily exact better terms, the class as a whole is apt to get only regular employment at its accustomed livelihood. In the absence of mutual consultation and concerted action, individuals may aspire to a higher standard, but there can be no simultaneous and identical rise, and thus no new consensus of feeling is brought to the aid of the Individual Bargaining of the weaker men.

Trade Unionism, to put it briefly, remedies all these defects of a merely instinctive Standard of Life. By interpreting the standard into precise and uniform conditions of employment it gives every member of the combination a definite and identical minimum to stand out for, and an exact measure by which to test any new proposition of the employer. The reader of our descriptions of the elaborate standard rates and piecework lists, the scales fixing working hours and limiting overtime, and the special rules for sanita-

tion and safety, which together make up the body of Trade Union Regulations, will appreciate with what fervor and persistency the Trade Unions have pursued this object of giving the indispensable definiteness to the Standard of Life of each section of wage-earners. And when we pass from the Regulations of Trade Unionism to its characteristic Methods, we may now see how exactly these are calculated to remedy the other shortcomings of the wage-earners' instinctive defence. By the Method of Mutual Insurance, the most necessitous workman, who would otherwise be the weakest part of the position, is freed from the pressure of his special necessities, and placed in as good a position as his fellows to resist the employer's encroachments. The provision of a common fund enables, in fact, all the members alike to get what the economists have called a "reserve price" on their labor. Thus, the bulwark is made equally strong all along the line. But the Method of Mutual Insurance also carries a stage further this strengthening of the weak parts of the defence. The money saved in good years, when the Out of Work benefit is little drawn upon, will be used to support the members in times of slack trade, when the pressure will be greatest. Thus, the bulwark is specially strengthened against the advancing tide. The Method of Collective Bargaining brings a new kind of support. When the terms of the contract are settled, not separately by the individual workmen concerned, but jointly by appointed agents on their behalf, an additional barrier is interposed between the pressure acting through the employer, and the apprehensions and ignorances of his wage-earners. The conclusion of collective agreements not only excludes, as we have explained, the influence of the exigencies of particular workmen, particular firms, or particular districts, but it also gives the combined manual workers the invaluable assistance of a professional expert who, in knowledge of the trade and trained capacity for bargaining, may even be superior to the employer himself. The Method of Collective Bargaining has the further advantage over reliance on a

merely instinctive Standard of Life that the terms can be quickly raised so as to take advantage of any time of rising profits, and indefinitely adjusted so as to meet the requirements of an ever-changing industry. Finally, the Method of Legal Enactment—the use of which by the workmen demands a high degree of voluntary organisation, and above all, an expert professional staff of salaried officers—absolutely secures one element of the Standard of Life after another by embodying them in our factory code, and thus fortifies the workmen's original bulwark by the unyielding buttress of the law of the land.

But this general description of Trade Unionism as the Dyke of a definite Standard of Life, strengthened by the existence of a common purse, the services of expert negotiators, and the protection of the magistrate—though it serves to indicate its place in the higgling of the market—affords too indefinite a mark for useful economic criticism. In the Second Part of this work we laid before the reader an exhaustive analysis of the Regulations imposed by British Trade Unionists, of the Methods by which they seek their ends, and, finally, of the far-reaching views of social expediency upon which the policy of the various sections of the Trade Union world is determined. In this analysis we distinguished between what is universal and what is only partial, and, above all, between the elements that are deepening and extending, and those that are dwindling in scope and intensity. What we have now to do is to follow out the economic effects of each type, and thus enable the reader to form some general estimate of the results upon our industrial development, of the actual content of contemporary Trade Unionism in this country.



## CHAPTER III

### THE ECONOMIC CHARACTERISTICS OF TRADE UNIONISM

THE economist and the statesman will judge Trade Unionism, not by its results in improving the position of a particular section of workmen at a particular time, but by its effects on the permanent efficiency of the nation. If any of the Methods and Regulations of Trade Unionism result in the choice of less efficient factors of production than would otherwise have been used ; if they compel the adoption of a lower type of organisation than would have prevailed without them ; and especially if they tend to lessen the capacity or degrade the character of either manual laborers or brain-workers, that part of Trade Unionism, however advantageous it may seem to particular sections of workmen, will stand condemned. If, on the other hand, any Trade Union Methods and Regulations are found to promote the selection of the most efficient factors of production, whether capital, brains, or labor ; if they tend to a better organisation of these factors, and above all, if their effect is progressively to increase the activities and improve the character of both brain and manual workers, then, in spite of any apparent contraction of the personal power of the capitalist class, they will be approved by the economist as tending to heighten the faculties and enlarge the enjoyments of the community as a whole.<sup>1</sup>

<sup>1</sup> Here and throughout this chapter we proceed on the assumption that it is desirable for the community to "progress"; that is to say, that its members should attain, generation after generation, a wider and fuller life by developing

Let us take first the Trade Union Regulations, for, if these have an injurious effect, it is unnecessary to consider by what methods they are enforced. Notwithstanding their almost infinite variety of technical detail these Regulations can, as we have seen, be reduced to two economic devices: Restriction of Numbers and the Common Rule. To the former type belong the ancient Trade Union prescriptions as to Apprenticeship, the exclusion of new competitors from a trade, and the assertion of a vested interest in a particular occupation. The latter type includes the more modern rules directly fixing a Standard Rate, a Normal Day, and definite conditions of Sanitation and Safety.

(a) *The Device of Restriction of Numbers*

There is a certain sense in which every regulation, whether imposed by law or public custom, laid down by the employer or insisted on by the Trade Union, may be said to restrict the entrance to an occupation. It is inherent in any rule that its enforcement incidentally excludes those who, for one reason or another, cannot or will not conform to it. Thus, a firm which, as a matter of business routine, requires its employees to be regular in their attendance, or to abstain from smoking or drinking at their work, or which

increased faculties and satisfying more complicated desires. When, therefore, for the sake of shortness, we use the phrase "Selection of the Fittest," we mean the fittest to achieve this object of social evolution; and by the phrase "Functional Adaptation," we mean the adaptation of the individual to an increase in the strength and complexity of his faculties and desires, as distinguished from "Degeneration," the corresponding decrease in faculties and desires. We are aware that this assumption would not command universal assent. The whole Eastern world, for instance, proclaims the opposite philosophy of life; an Englishman, it is said, "seeks happiness in the multiplication of his possessions, a Hindoo in the diminution of his wants." And there are, if we mistake not, many persons in the Western world whose dislike of modern progress springs, half unconsciously, from an objection to a life which, whilst satisfying more complicated desires, makes increasing demands upon the faculties. To such persons the whole argument contained in this chapter will be an additional reason for disliking the more modern manifestations of Trade Unionism.

systematically dismisses those who fail to attain a certain speed, or repeatedly make mistakes, thereby restricts its employment to operatives of a certain standard of conduct or capacity. Similarly, the universal Trade Union insistence on a Standard Rate of payment for a given quota of work excludes, from the particular occupation those whom no employer will engage at that rate. And when any regulation, either of the employers or of the workmen, is embodied in the law of the land, this new Factory Act automatically closes the occupation to which it applies to all persons who cannot or will not conform to its prescriptions. The kingdom itself may be closed to certain races by a Sanitary Code, with which their religion forbids them to comply. But there is a great distinction in character and results between the incidentally restrictive effects of a Common Rule, to which every one is free to conform, and the direct exclusion of specified classes of persons, whether they conform or not, by regulations totally prohibiting their entrance. In the present section we deal solely with direct attempts to secure or maintain a more or less complete "monopoly" of particular occupations, either by limiting the number of learners, or by excluding, on grounds of sex, previous occupation, or lack of apprenticeship, persons whom an employer is willing to engage, and who are themselves willing to work, in strict conformity with the standard conditions of the trade.

From the standpoint of industrial efficiency, the most obvious characteristic of the Device of Restriction of Numbers is the manner in which it influences the selection of the factors of production. When situations are filled by competitive examination, as for instance in the English Civil Service, it is recognised that any restriction on the number of candidates—still more, any limitation of the candidates to persons of particular families, particular classes, or particular antecedents—lowers the average of quality among the successful competitors. The same consequence results from any restriction which prevents an employer from filling all

his vacancies as they occur by selecting the most efficient operatives, wherever he can find them. The mere fixing of a ratio of apprentices to journeymen will exclude from the trade some boys who would otherwise have learnt it, and who might have proved the most capable operatives at the craft. This is certain to be the case if the regulation takes the form of exacting a high entrance fee, or of confining admission to craftsmen's sons. Even without any restrictions on apprenticeship, the requirement that the trade must be entered before a prescribed age, by excluding the quick-witted outsider who desires to change his occupation in after years, necessarily tends to limit the range of the employer's choice, and hence to make the average level of capacity lower in the protected trade than it would otherwise be. And whilst this limitation on the process of selection is injurious even in old-established trades, it becomes plainly more harmful when the question is the choice of men to work a new machine or perform some novel service. The more restricted the field from which the capitalist can pick these new operatives, the lower will be their average level of capacity. Nor is it merely the absence of unemployed workmen that impedes the employer's freedom to select the most efficient man to fill his vacancy. The constant existence of a remnant of unemployed may enable an employer to get a "cheap hand," or help him to lower wages all round; but the competition of this "reserve army" does little or nothing to promote efficiency. The fact that a man is out of work affords a presumption that he has, for the moment, greater needs, but not that he has greater faculties. To compel employers to fill all vacancies from the unemployed remnant of the trade, in preference to promoting the ablest members of the next lower grade, is often to force them to engage, not the workmen who promise to be the most efficient, but those who have proved themselves below the average in regularity or capacity. On the other hand, if the Restriction of Numbers is carried so far that only one candidate presents himself to fill each vacancy, all selection disappears. Had the



regulations of the Flint Glass Makers and the Silk Hatters been enforced with absolute universality every employer in those trades would have found himself compelled, whenever a vacancy occurred in his establishment, either to accept the Trade Union nominee, whatever his character or capacity, or else leave the situation unfilled.

And whilst any limitation of the persons from whom vacancies can be filled insidiously lowers the quality of the recruits, the same influence deteriorates the men already in the trade. When it is known that the master has no chance of getting better workmen, or that his choice will be limited to the unemployed remnant of the trade, the "average sensual man" is apt to lose much of his incentive to efficiency, and even to regularity of conduct. In those trades in which the Device of Restriction of Numbers is effectually practised, an employer habitually puts up with a higher degree of irregularity, carelessness, and inefficiency in his existing staff, than he would if he could freely promote a learner or an assistant to the better-paid situation.

What is not so generally recognised is that, in trades in which the workmen are able to make effective use of the Device of Restriction of Numbers, the brain-workers of the trade are themselves less select, and suffer a similar loss of incentive to efficiency. In such completely organised and old-fashioned trades as glass-blowing and hand papermaking, the policy of limiting the numbers has been so effectively carried out that capitalists who, when trade is brisk and profits large, might desire to set up new works in competition with the old establishments, are actually stopped by the difficulty of obtaining an adequate supply of skilled workmen. Hence, old-fashioned family concerns, with sleepy management and obsolete plant, find the Trade Union regulations a positive protection against competition. This is frequently admitted in the negotiations between masters and men. In 1874, for instance, the spokesman of the hand papermakers put forward this profitable effect of his union's restrictive regulations as a reason why the employers should concede better

terms. "If," said he, "the men have good wages, the masters as a rule make large profits, and large profits are inducements which cause fresh capital to be embarked in a trade. If, however, the men have a limit to the supply of labor, no matter what the profits are, fresh capital cannot be introduced, because if a man starts fresh vats he will have no workmen to go on with. The rule as to limiting the supply of labor therefore works both ways. As far as our position in the vat trade is concerned we are like a close corporation. . . . It would be a great inducement for capital to enter the trade if labor could be got, but . . . according to our Rules and Regulations, competition is checked."<sup>1</sup>

From the point of view of the consumer, this use of the Device of Restriction of Numbers by the workmen, and their formation of a close corporation seems, at first sight, analogous to the establishment of a capitalist ring or trust. Both expedients aim at creating a profitable monopoly, for the benefit of those already in the trade, by the exclusion of new competitors. But there is an important difference between the workmen's monopoly and that of the capitalists, in the

<sup>1</sup> *Arbitration on the Question of an Advance in Wages*. . . . Rupert Kettle, Q.C., Arbitrator (Maidstone, p. 64, 1874).

Similar conditions seem to have prevailed in the early factory industries of France, after the impulse given by Henry II. (ca. 1550). Towards the end of the seventeenth century the workers in the paper-mills, carpet factories, and manufactories of looking-glasses are described as forming strong though unauthorised corporations, which were encouraged by the employers, and which were recruited exclusively from sons and sons-in-law of the workmen, so as to form virtually a hereditary monopoly. The papermakers were so powerful as to lead to special repressive laws for this industry in 1793 and again in 1796.—Du Cellier, *Histoire des Classes Laborieuses en France* (Paris, 1860), pp. 259, 260, 334; and, as regards the papermakers, the articles by C. M. Briquet in the *Revue Internationale de Sociologie*, March 1897.

It is in this exclusion of new capital, and the consequent check to the process of Selection of the Fittest among the employers, that we discover the fundamental objection to the policy of Restriction of Output, which we described in our chapter on "Continuity of Employment." It is, as we explained, impossible for the Trade Union, by any methods or regulations of its own, to limit the aggregate output. But the employers may, and occasionally do effect such a limitation, with or without the co-operation of the Trade Union concerned. In so far as this is effected by preventing or discouraging new capitalist enterprise, it tends to diminish the efficiency of the industry, by checking the "elimination of the unfit" among the employers.

type of industrial organisation that they set up, and in their results upon productive efficiency. A successful Trust loses, it is true, the goad to improvement that comes from the free fight with other competitors. On the other hand, it retains undiminished, and gives full scope to the profit-maker's normal incentive to go on increasing his business and his income. So long as an additional increment of capital promises to yield more than the rate paid to the banker or debenture holder for its use, the capitalist Trust will strive to enlarge its output, and make the utmost possible improvement in its processes. The owners of even the most absolute monopoly do not find it pay to raise the price of their product in such a way as to cause any serious falling-off in the sales; more commonly, indeed, as in the case of the Standard Oil Company,<sup>1</sup> they get an advantage by actually lowering the price in order to stimulate the demand. They are, in any case, perpetually tempted to engage the ablest brains in the Trust's service, as well as to use the best machines and the latest inventions; for every cheapening of production that can be effected enures wholly to their own advantage. Hence, however large and disproportionate may be the income drawn by the owners of the Trust, however arbitrary and oppressive may be the social power that it exercises, this capitalist monopoly has at any rate the economic advantage of selecting and organising the factors of production in such a way as to turn out its product at an ever diminishing cost. A close corporation of workmen has, on the contrary, no interest in enlarging its business. The individual operatives who enjoy the monopoly have only their own energy to sell, and they are accordingly interested in getting in return for their definitely limited output as high a price as possible. If they can, by raising price, exact the same income for a smaller number of hours' work, it will positively pay them to leave some of the world's demand unsatisfied. They have nothing to gain by cheapening the

<sup>1</sup> See *Wealth Against Commonwealth*, by Henry D. Lloyd (London, 1894); E. von Halle, *Trusts*. &c. :

process of production, and they stand actually to lose by every invention or improvement in organisation that enables their product to be turned out with less labor. Any alteration, in short, will be repugnant to them, as involving a change of habit, new exertion, and no pecuniary gain. Rather than forego the utmost possible individual wage, it would even pay them to stop all recruiting, and progressively raise their price as their members drop off one by one, until the whole industry dwindled away.

So far the Device of Restriction of Numbers appears wholly injurious to industrial efficiency. There is, however, one important effect in another direction. If, in the absence of all regulation, the employers are free without let or hindrance to make the best bargain they can with the individual wage-earners, whole sections of the population, men, women, and children, will be compelled to live and toil under conditions seriously injurious to their health and industrial efficiency. Nor is this merely an empirical inference from the history of an unregulated factory system, and from the contemporary facts of the sweated industries. It is now theoretically demonstrated, as we saw in our chapter on "The Verdict of the Economists," that under "perfect competition," and complete mobility between one occupation and another, the common level of wages tends to be no more than "the net produce due to the additional labor of the marginal laborer," who is on the verge of not being employed at all! The Device of Restriction of Numbers manifestly enables the privileged insiders to make a better bargain with their employers—that is to say, to insist on better sanitary conditions, shorter and more regular hours, and, above all, a wage which provides for their families as well as themselves, a more adequate supply of food and clothing. However equivocal may be the device by which this higher Standard of Life is secured, there can be no doubt that, in itself, it renders possible a far higher degree of skill, conduct, and general efficiency than the long hours, unhealthy conditions, and bare subsistence wages which are found



prevailing in the unregulated trades. In such a case the Device of Restriction of Numbers must be credited with indirectly preventing evil, and with producing a certain increase of efficiency, as a set-off against the direct weakening of the incentive to improvement that we have been describing. Thus, it is easy to accuse the Glass Bottle Makers of injuring their industry by their drastic Restriction of Numbers. But it is open to them to reply that the very existence of their high level of technical skill depends on their maintaining a high Standard of Life ; that the Restriction of Numbers has been an effective means of maintaining this high standard ; and that without it, their combination would have crumbled away, their lists of Piecework Rates would have been destroyed by Individual Bargaining, and they themselves would have sunk to the low level of the present outcasts of the trade, those incompetent and unorganised workmen who pick up starvation wages by making, in cellars and "crib-shops," the commonest kind of medicine bottles. It was this consideration that induced J. S. Mill to declare that such a "partial rise of wages, if not gained at the expense of the remainder of the working class, ought not to be regarded as an evil. The consumer indeed, must pay for it, but cheapness of goods is desirable only when the cause of it is that their production costs little labor, and not when occasioned by that labor being ill-remunerated. If, therefore, no improvement were to be hoped for in the general circumstances of the working classes the success of a portion of them, however small, in keeping their wages by combination above the market rate would be wholly a matter of satisfaction."<sup>1</sup> Hence, from the point of view of those who regarded Restriction of Numbers as the only means by which wages could be maintained at anything above subsistence level, there was no argument against a Trade Union which adopted this expedient to save its members from slipping into the universal morass. During the fifty years that followed

<sup>1</sup> J. S. Mill, *Principles of Political Economy*, Book V. ch. x. § 5, p. 564.

the repeal of the Combination Laws the Trade Unionists were incessantly told that "combinations of workmen . . . always fail to uphold wages at an artificial rate, unless they also limit the number of competitors."<sup>1</sup> When the Flint Glass Makers and the Compositors, the Papermakers and Engineers adopted stringent apprenticeship regulations as one of the principal devices of their Trade Unionism, in so far as they were taking the only recognised means of protecting from a useless degradation their relatively high Standard of Life, and of maintaining unimpaired their relatively high level of industrial efficiency, they were but applying the current teachings of Political Economy.

To sum up, the Device of Restriction of Numbers, by constantly baulking the free selection of the most capable manual workers and entrepreneurs; by removing from both classes the incentive due to the fear of supersession; by stereotyping processes and restricting output; and by persistently hindering the re-organisation of industry on the most improved basis, lowers the level of productive efficiency all round. On the other hand, as compared with "perfect competition," it has the economic advantage of fencing-off particular families, grades, or classes from the general degradation, and thus preserving to the community, in these privileged groups, a store of industrial traditions, a high level of specialised skill, and a degree of physical health and general intelligence unattainable at a bare subsistence wage. If, therefore, we had to choose between perfect "freedom of competition," and an effective but moderate use of the Device of Restriction of Numbers — between, for instance, the unregulated factory labor of the Lancashire of the beginning of this century, on the one hand, and the mediæval craft guild on the other—the modern economist would hesitate long before counselling a complete abandonment of the old device.

<sup>1</sup> J. S. Mill, *Principles of Political Economy*, Book II. chap. xiv. § 6, p. 243 of 1865 edition; see also p. 229, "Every successful combination to keep up wages owes its success to contrivances for restricting the number of the competitors."

We are fortunately saved from so embarrassing a choice. In the first place, an effective use of the Device of Restriction of Numbers is no longer practicable. In our chapters on "The Entrance to a Trade" and "The Right to a Trade" we have seen how small and dwindling is the minority of Trade Unions which still rely on this means of protecting their Standard of Life. The ever-growing mobility of capital, and the incessant revolutionising of industrial processes render impracticable, in the vast majority of occupations, any restriction, by the Methods of Mutual Insurance or Collective Bargaining, of the candidates for employment. The steadily-increasing dislike to the Doctrine of Vested Interests makes it every day more hopeless to set up or maintain, by the Method of Legal Enactment, any limitation on the freedom of the competent individual to do any work for which he is positively better fitted, than those by whom it has hitherto been performed. Thus, only an infinitesimal number of Trade Unions actually succeed in limiting the number of persons who become candidates for employment at their occupation. It is true that large sections of the Trade Union world still, as we have seen, cling to the old device. The Compositors, the Engineers, the Ironfounders, the factory Boot and Shoe Operatives, and, in many districts, one or other section of the building trades limit, with more or less stringency, the number of boy-learners in any one establishment. This regulation can, however, only be enforced in establishments or districts over which the Trade Union has exceptional control, and it is entirely nugatory in establishments dispensing with Trade Union labor, and in districts where the skilled workmen are only partially organised. Hence, as we have pointed out in our chapter on "The Entrance to a Trade," these Trade Unions are not, by their apprenticeship regulations, limiting the number of candidates for employment; they are merely providing, at considerable cost to themselves, that the boys should be trained in the least skilled department of the trade; initiated into their industrial career by the

worst employers and the most indifferent workmen ; and, we may add, brought up with the feelings and traditions of "blacklegs," instead of those of good Trade Unionists. Whatever advantages may be thought to accrue from a systematic and successful Restriction of Numbers, the partial and lopsided application of this device by modern Trade Unions is, we believe, economically as prejudicial to the strategic position of their own members as it is to the interests of the rest of the community.

More effectual in inducing the great majority of Trade Unions to change their tactics has been the discovery—in flat contradiction to J. S. Mill's authoritative dictum—that they can successfully maintain a high Standard of Life, by relying exclusively on the Device of the Common Rule. Thus, the Amalgamated Association of Operative Cotton-spinners or the Northumberland Miners' Mutual Confident Association—combinations which have, for a whole generation, successfully maintained relatively good wages and short hours, together with a high level of sanitation and safety—have never interfered in the employer's free choice of men, whatever their antecedents, to fill vacancies in their respective trades. In the case of the Cotton-spinners the Trade Union even insists, as we have seen, on there being always ten times as many learners as would suffice to keep up the trade. In so far as the Common Rules governing these industries are enforced by law this may easily be understood. The Device of Restriction of Numbers in no way increases the power of a Trade Union to obtain an Act of Parliament or to press for the rigid application of existing statutes ; it tends, on the contrary, to diminish this power. Any successful limitation of numbers necessarily restricts the growth of the industry in question, and thus lessens the electoral area over which it is dominant, whilst the maintenance of a close monopoly alienates the sympathy of the excluded. More paradoxical is the fact that it is not, in practice, found to militate against the maintenance of Common Rules by Collective Bargaining, that a large number of people would like to



come into the trade, or even that a crowd of candidates apply for every situation that is vacant. The explanation of this paradox must be sought in the economic characteristics of the Device of the Common Rule.

(b) *The Device of the Common Rule*

We have sufficiently explained, in our chapters on "The Standard Rate," "The Normal Day," and "Sanitation and Safety," that the Device of the Common Rule is, from the workman's point of view, always the enforcement of a minimum, below which no employer may descend, never a maximum, beyond which he may not, if he chooses, offer better terms. This is specially noticeable where the Common Rule is enforced by law. An employer who, for one reason or another, desires to fill his works with the most respectable young women, does not restrict himself to the already high standard of comfort and decency enforced by the Factory Act; he sees to it that the workrooms are cheerful, warm, and light; provides dining-rooms and cloak-rooms, hot water, soap, and towels, free from the usual irritating charges; takes care to prevent any opportunity for the foreman's petty tyrannies; and strives to make a spirit of kindly consideration pervade the whole establishment. When the Trade Union has to enforce the Common Rule by Mutual Insurance or Collective Bargaining, it never objects to an employer attracting superior workmen to his establishment by adopting a scale of wages in excess of the Standard; by introducing an Eight Hours' Day; or by promising to pay full wages during holidays or breakdowns. The mere adoption of a Common Rule, even if it does no more than give definiteness and uniformity to what has hitherto been the average, current, or "fair" conditions of the industry, has therefore the psychological effect of transforming a "mean" into a "minimum"; and hence of silently setting up, in the

eyes of both employers and workmen, a new "mean" between the best and worst conditions prevailing in the trade.<sup>1</sup>

The Device of the Common Rule stands in sharpest contrast, in all that concerns the selection of the factors of production, with the Device of Restriction of Numbers. The enforcement in any industry of a Standard Rate, a Normal Day, and prescribed conditions of Sanitation and Safety does not prevent the employer's choice of one man rather than another, or forbid him to pick out of the crowd of applicants the strongest, most skilful, or best-conducted workman. Hence, the Common Rule in no way abolishes competition for employment. It does not even limit the intensity of such competition, or the freedom of the employer to take advantage of it. All that it does is to transfer the pressure from one element in the bargain to the other—from the wage to the work, from price to quality. In fact, this exclusion, from influence on the contract, of all degradation of price, whether it takes the form of a lower rate of wages, longer hours of labor, or worse conditions of sanitation and safety, necessarily heightens the relative influence on the contract of all the elements that are left. If the conditions of employment are unregulated, it will frequently pay an employer not to select the best workman, but to give the preference to an incompetent or infirm man, a "boozer" or a person of bad character, provided that he can hire him at a sufficiently low wage, make him work excessive and irregular hours, or subject him to insanitary or dangerous conditions. If the employer cannot go below a common minimum rate, and is unable to grade the other conditions of employment down to the level of the lowest and most necessitous wage-earner in his establishment, he is economically impelled to do his utmost to raise the level of

<sup>1</sup> The Trade Unionist conception and application of a Standard Rate of remuneration stands, it need hardly be said, at the opposite pole from the mediæval fixing by law of a wage which it was equally an offence to diverge from in either direction. There is no resemblance between the economic effects of fixing a minimum wage, and those of establishing a maximum.

efficiency of all his workers\* so as to get the best possible return for the fixed conditions.<sup>1</sup>

This is the basis of the oft-repeated accusation brought by the sentimental lady or district visitor against the Trade Union Standard Rate, that it prevents an employer from preferentially selecting an old man, or a physical or moral invalid, when there is a vacancy to be filled. But it is clear that the efficiency of industry is promoted by every situation being filled by the best available candidate. If the old man is engaged instead of the man in the prime of life, the man of irregular habits rather than the steady worker, there is a clear loss all round.<sup>2</sup> From the point of view of the economist, concerned to secure the highest efficiency of the national industry, it must be counted to the credit of the

<sup>1</sup> "The consequence is," says Mr. Lecky, of the Trade Union Standard Rate, "that the employer is necessarily driven to employ exclusively the most efficient labor" (*Democracy and Liberty*, vol. ii. p. 347). It is often supposed that this effect of a Standard Rate is confined to Time Wages. But it operates also when (as is the case among the majority of Trade Unionists) the Standard Rate is a Piecework List. Even if the employer pays only in proportion to the work done, it is economically disadvantageous to him and to the community that his premises, machinery, and brain-power should be used short of their maximum capacity. This effect is intensified with every increased use of capital or brain-power in industry. The economic compulsion on the cotton manufacturer to select the most efficient workman to fill a vacancy is as much due to the high cost of machinery as to the high Piecework List.

<sup>2</sup> If all the fully competent workmen are already employed, and the weakling or degenerate is the only candidate for the vacancy, he will be taken on, as constantly happens when business is very brisk, notwithstanding the Standard Rate. But if an old man or an irregular worker is, through philanthropic influence on some employer, or through benevolent favoritism, given a preference, the result is, in practical life, that some more competent workman is left unemployed. Thus, the burden on the philanthropist is not lessened. It may even be increased, for it probably costs more to keep an unemployed workman in the prime of life, with full health and activities, and family obligations, than it does to maintain the aged. Nor does this argument assume, as some may think, any fixed "work fund." Whatever the demand may be for any particular kind of service, efficiency requires that no weakling should be employed until every more competent man is fully occupied. The hypothetical case in which whilst every competent workman in the community is fully employed, there is still some demand unsupplied, but not enough to make it worth while to pay the Standard Rate to one marginal old man or inferior worker, may be abandoned to the casuist. The necessary provision, both for the temporarily unemployed and the permanently unemployable—a problem not created by the enforcement of the Standard Rate—is dealt with in a later part of this chapter.

Device of the Common Rule, that it compels the employer, in his choice of men to fill vacancies, to be always striving, since he cannot get a "cheap hand," to exact, for the price that he has to pay, greater strength and skill, a higher standard of sobriety and regular attendance, and a superior capacity for responsibility and initiative.<sup>1</sup>

But the rigid enforcement of the Device of the Common Rule does more than act as a perpetual stimulus to the selection of the fittest men for employment. The fact that the employer's mind is constantly intent on getting the best possible workmen silently and imperceptibly reacts on the wage-earners. The young workman, knowing that he cannot secure a preference for employment by offering to put up with worse conditions than the standard, seeks to commend himself by a good character, technical skill, and general intelligence. There is, accordingly, under a Common Rule, not only a constant selection of the most efficient candidates, but also a positive stimulus to the whole class to become ever more efficient.<sup>2</sup>

We strike here upon the explanation of the paradox, to which we have referred, that it is not in practice found to militate against the maintenance of Common Rules by Collective Bargaining that a large number of people would like to come into the trade. If a Lancashire millowner or a Northumberland coalowner, tempted by the large number of candidates for employment, were to engage a new cotton-

<sup>1</sup> Du Cellier (*Histoire des Classes Laborieuses en France*, Paris, 1860), in referring to the great strikes which prevailed all over France in the spring of 1791 (pp. 320, 321), notes the effect of a Standard Rate in giving a positive advantage to the efficient workman over the inefficient. Most writers in 1860 seem to have assumed that its object was to put the lazy and inefficient workman on a level with his more industrious rival.

<sup>2</sup> The converse has often been pointed out by those who have studied the influence of out-door relief, promiscuous charity, and casual labor. The fact that a man without character, or of irregular habits, can get as easily taken on as a casual dock-laborer, as the unemployed workman with the best possible testimonials, is rightly regarded as exercising a demoralising influence on all London labor. If the dock-companies were compelled to give, say twenty-four shillings a week to every laborer who entered their employment, they would at once begin to pick out only those men on whose regular attendance and faithful service they could rely.



spinner or coal-hewer on any other terms than those customary in the trade, all the other spinners or hewers in his establishment would instantly "hand in their notices," and eventually leave his service in a body. No "nibbling at wages," or other standard conditions, would compensate such an employer for the loss in efficiency that would be involved in replacing his whole staff of spinners or hewers by inexperienced hands. The more "open" is the trade, and the more attractive are these standard conditions, the more certain it is that the employers will find it economically impossible to dispense with the services of the main body of men already in employment.<sup>1</sup> Where the minimum conditions of employment are fixed and uniform, competition takes the form of raising the standard of quality, and where these minimum conditions are relatively high, the successful candidates, picked as they are, out of a crowd of applicants, become a very select class, which can be individually recruited but not collectively replaced. The progressive raising of the Common Rule, by constantly promoting the "Selection of the Fittest," causes thus an increasing specialisation of function, creating a distinct group, having a Standard of Life and corporate traditions of its own which each recruit is glad enough to fall in with. If we imagine a community in which each industry was definitely marked off by its own Common Rule, the strategic strength of the workmen would be independent of any restriction on the choice of a trade. The employers in each industry would be free to pick their workmen where they chose, but, being unable to go below the minimum wage, or otherwise degrade the conditions of employment, they would be economically compelled to select the very best men for the amount of work required to satisfy the demand of the consumers. A newly-arrived workman would equally be free to accept any

<sup>1</sup> Hence the rare but prolonged general stoppages of work among the Lancashire Cotton-spinners require no "picketing." The employers know that they must have the same body of men back again, and they accordingly do not open their mills until they have come to terms. The same may be said of the Coalminers in all well-organised districts.

situation he could get, in whatever trade he chose, but as he would find no opportunity of ousting a better man by offering to do his work in an inferior way at a reduced wage, he would be economically compelled to drop into the particular occupation in which, under the given distribution of demand and the given supply of special talent, his additional labor would produce the greatest addition of utility.

That the maintenance of a common minimum wage should, of itself, automatically improve the quality of the service will, to many readers, seem a paradox. Yet in all other cases this result of the diversion of competition is an accepted truism of practical economics. When a middle-class governing body—a Town Council or a railway company, for instance—needs a middle-class official, be he doctor or architect, engineer or general manager, it invariably concentrates the competition on quality by stopping it off price. The practical experience of business men has taught them that to engage the doctor or general manager who offers to come for the lowest salary would be a ruinous bargain. They accordingly always first fix the salary that they will offer, determining the amount according to the Standard of Life of the particular social grade they seek to attract, and they then pick the best candidate who offers himself at that salary.<sup>1</sup> The same effect of a fixed price is noticed even in the sale of wares, though here the fixing of price is seldom free from some element of monopoly. If rival producers of goods are precluded, by custom or combination, from “undercutting” each other in the price of their wares, they devote all their energies to outbidding each other in the quality. Hence the fact that the accepted price for the morning newspaper in the United Kingdom has long been uniformly

<sup>1</sup> It is interesting to note that the suggestion, often made by inexperienced “Labor members” of a public body, that it is absurd to offer the customary high salary for a brain-working post, when there are “plenty of men willing to do the work for less money,” is always held up to derision by their middle-class colleagues—and, according to the Trade Unionists’ own argument, rightly so—as being a “penny wise and pound foolish” policy.

one penny in no way limits the competition between rival editors. What it does is to concentrate the pressure on a struggle to surpass in excellence of type and paper, prompt and exclusive collection of news, brightness of literary style, and every other form of attractiveness. So overpowering is this impulse among railway companies that, in spite of the strict limitation of the number of competing lines, and their agreements among themselves, the general managers are always trying to outbid each other for public favor in the other ways that are left open to them, and the fact that the three separate railways between London and the North of England agree to charge identical fares is constantly raising the quality of the service in speed, punctuality, and comfort.

But whilst, in the absence of any kind of monopoly, the adoption by all producers of an identical price automatically tends to bring about an improvement in quality, there is, in this as in other respects, a vital distinction between wares and the workmen who produce them. In the case of the wares, the tendency to improvement springs from the effect of the Common Rule in shifting the pressure of competition from price to quality. In the case of the workmen—influenced, as we have seen, in the same way by the mere existence of the Common Rule—we have also to consider the effect on the living human being of improved sanitary conditions, shorter hours of labor, and more adequate wages. If unrestricted individual competition among the wage-earners resulted in the universal prevalence of a high standard of physical and mental activity, it would be difficult to argue that a mere improvement of sanitation, a mere shortening of the hours of labor, or a mere increase in the amount of food and clothing obtained by the workers or their families would of itself increase their industrial efficiency. But, as a matter of fact, whole sections of the wage-earners, unprotected by Factory Act or Collective Bargaining, are habitually crushed down below the level of physiological efficiency. Even in the United Kingdom, at least eight millions of the population—

over one million of them, as Mr. Charles Booth tells us, in London alone—are at the present time existing under conditions represented by adult male earnings of less than a pound a week.<sup>1</sup> The unskilled laborer who is only half fed, whose clothing is scanty and inappropriate to the season, who lives with his wife and children in a single room in a slum tenement, and whose spirit is broken by the ever-recurring irregularity of employment, cannot by any incentive be stimulated to much greater intensity of effort, for the simple reason that his method of life makes him physiologically incapable of either the physical or mental energy that would be involved.<sup>2</sup> Even the average mechanic or factory operative, who earns from 20s. to 35s. per week, seldom obtains enough nourishing food, an adequate amount of sleep, or sufficiently comfortable surroundings to allow him to put forth the full physical and mental energy of which his frame is capable. No middle-class brain-worker who has lived for any length of time in households of typical factory operatives or artisans can have failed to become painfully aware of their far lower standard of nutrition, clothing, and rest, and also of vitality and physical and mental exertion.<sup>3</sup> It has accordingly been pointed out

<sup>1</sup> See Sir R. Giffen's evidence before the Royal Commission on Labor, sitting as a whole, Questions 6942, 6943; Mr. Charles Booth, *Life and Labour of the People*, especially vol. ix. p. 427.

<sup>2</sup> "In England now, want of food is scarcely ever the direct cause of death; but it is a frequent cause of that general weakening of the system which renders it unable to resist disease; and it is a chief cause of industrial inefficiency. . . . After food, the next necessities of life and labor are clothing, house-room, and firing; when they are deficient the mind becomes torpid, and ultimately the physical constitution is undermined. When clothing is very scanty it is generally worn night and day; and the skin is allowed to be enclosed in a crust of dirt. A deficiency of house-room or of fuel causes people to live in a vitiated atmosphere which is injurious to health and vigor. . . . Rest is as essential for the growth of a vigorous population as the more material necessities of food, clothing, etc." (Professor A. Marshall, *Principles of Economics*, 3rd edit. 1895, pp. 277, 278; see also the interesting series of illustrative facts in *The Groundwork of Economics*, by C. S. Devas, London, 1883). For M'Culloch's remarks, see, among other references, section vii. of his *Principles of Political Economy*, especially as to the "Advantages of a High Rate of Wages."

<sup>3</sup> The rich and the middle-class seldom realise how scandalously low is the standard of daily health among the wage-earners. Apart from actual disease or disablement, the workman and his wife and family are constantly suffering from minor ailments, brought about by unwholesome or deficient food, bad sanitation, the



by many economists, from J. R. M'Culloch to Professor Marshall, that, at any rate so far as the weakest and most necessitous workers are concerned, improved conditions of employment would bring with them a positive increase in production. "A rise in the Standard of Life for the whole population," we are now expressly told, "will much increase the National Dividend, and the share of it which accrues to each grade and to each trade."<sup>1</sup> We see, therefore, that the Device of the Common Rule, so far as the wage-earner is concerned, promotes the action of both forces of evolutionary progress; it tends constantly to the Selection of the Fittest, and at the same time provides both the mental stimulus and the material conditions necessary for Functional Adaptation to a higher level of skill and energy.

Let us now consider the effects of the Device of the Common Rule upon the brain-workers, including under this term all who are concerned in the direction of industry. When all the employers in a trade find themselves precluded, by the existence of a Common Rule, from worsening the conditions of employment—when, for instance, they are legally prohibited from crowding more operatives into their mills or keeping them at work for longer hours, or when they find it impossible, owing to a strictly enforced Piece-work List, to nibble at wages—they are driven, in their competitive struggle with each other, to seek advantage in other ways.<sup>2</sup> We arrive, therefore, at the unexpected result

lack of sufficient rest or holiday, and absence of medical care. The brain-worker, living temporarily in a wage-earning family, becomes positively oppressed by the constant suffering, of one member or another, from toothache or sores, headache or dyspepsia, and among the women, also from the dragging pains or chronic anæmia brought about by hard work or exposure at improper times. In the "Sweated" industries it is scarcely too much to say that the state of health, which is normal among the professional classes of the present day, is almost unknown.

<sup>1</sup> Professor A. Marshall, *Principles of Economics*, 3rd edit. p. 779.

<sup>2</sup> Thus Mr. Mundella writes of the Standard List of Prices enforced by the Nottingham Hosiery Board: "Formerly, in times of depression, the greatest irregularity prevailed, according to the individual character of the employers. The hard and unscrupulous, trading on the necessities of the workmen, could bring down wages below a reasonable level; the more considerate must either follow suit or be undersold. Our Board has changed all that. All now pay the

that the insistence by the Trade Union on uniform conditions of employment positively stimulates the invention and adoption of new processes of manufacture. This has been repeatedly remarked by the opponents of Trade Unionism. Thus Babbage, in 1832, described in detail how the invention and adoption of new methods of forging and welding gun-barrels was directly caused by the combined insistence on better conditions of employment by all the workmen engaged in the old process. "In this difficulty," he says, "the contractors resorted to a mode of welding the gun-barrel according to a plan for which a patent had been taken out by them some years before the event. It had not then succeeded so well as to come into general use, *in consequence of the cheapness of the usual mode of welding by hand labor*, combined with some other difficulties with which the patentee had had to contend. But *the stimulus produced by the combination of the workmen for this advance of wages* induced him to make a few trials, and he was enabled to introduce such a facility in welding gun-barrels by roller, and such perfection in the work itself, that in all probability very few will in future be welded by hand-labor."<sup>1</sup> "Similar examples," continued Babbage, "must have presented themselves to those who are familiar with the details of our manufactories, but these are sufficient to illustrate one of the results of combinations. . . . It is quite evident that they have all this tendency; it is also certain that considerable stimulus must be applied to induce a man to contrive a new and expensive process; and *that in both these cases unless the fear of pecuniary loss had acted powerfully the improvement would not have been made.*"<sup>2</sup> The Lancashire cotton trade supplied the same generation with a classic instance of

same price, and *the competition is not who shall screw down wages the most, but who shall buy material best, and produce the best article.*"—*Arbitration as a Means of Preventing Strikes*, by the Right Hon. A. J. Mundella (Bradford, 1868), p. 15.<sup>3</sup>

<sup>1</sup> C. Babbage, *Economy of Manufactures* (London, 1832), p. 246. The welding of tubes of all kinds is now invariably done by machinery—a fact which may be said to have made possible the modern bicycle.

<sup>2</sup> *Ibid.* p. 248.

"Trade Union folly" of this kind. Almost every contemporary observer declares that the adoption of the "self-acting" mule was a direct result of the repeated strikes of the Cotton-spinners between 1829 and 1836 to enforce their Piecework Lists, and that many other improvements in this industry sprang from the same stimulus. The *Edinburgh Review* went so far as to say in 1835 that "if from the discovery of the Spinning Frame up to the present, wages had remained at a level, and workers' coalitions and strikes had remained unknown, we can without exaggeration assert that the industry would not have made half the progress."<sup>1</sup> And, coming down to our own day, we have ourselves had the experience of being conducted over a huge steel-works in the North by the able captain of industry who is practically engaged in its administration, and being shown one improvement after another which had been devised and adopted expressly because the workmen engaged at the old processes had, through their powerful Trade Unions, exacted high piecework rates. To the old economist, accustomed to the handicraftsman's blind hostility to machinery, this undesigned result of insistence on high wages seemed a proof of the shortsightedness of Trade Union action. The modern student perceives that the Trade Unions, in insisting on better conditions of employment than would have been yielded by Individual Bargaining, were "building better than they knew." To the wage-earners as a class, it is of the utmost importance that the other factors in production—capital and brain power—should always be

<sup>1</sup> *Edinburgh Review*, July 1835. Similarly, Marx notes that it was not until the employment of women and young children in mines was forbidden that coalowners introduced mechanical traction; and that, as the Inspectors of Factories report in 1858, the introduction of "the half-time system stimulated the invention of the piecing machine" in woollen yarn manufacture, by which a great deal of child labor was dispensed with (*Capital*, Part LV. chap. xv. sec. 2, vol. ii. p. 390 of English translation of 1887). In the *Proceedings of the Institute of Mechanical Engineers*, 1895 (p. 346), "the great amount of ingenuity which had recently been expended in the charging and drawing of gas-retorts" by hydraulic machinery was described as "the direct result of the labor troubles experienced" since the formation of the Gas Workers' Union, and "it showed what was the general tendency of such troubles."

at their highest possible efficiency, in order that the common product, on which wages no less than profits depend, may be as large as possible. The enforcement of the Common Rule on all establishments concentrates the pressure of competition on the brains of the employers, and keeps them always on the stretch. "Mankind," says Emerson, "is as lazy as it dares to be," and so long as an employer can meet the pressure of the wholesale trader, or of foreign competition, by nibbling at wages or "cribbing time," he is not likely to undertake the "intolerable toil of thought," that would be required to discover a genuine improvement in the productive process, or even, as Babbage candidly admits, to introduce improvements that have already been invented. Hence the mere existence of the Common Rule, by debarring the hard-pressed employer from the most obvious source of relief, positively drives him to other means of lowering the cost of production. And the fact that the Common Rule habitually brings to the operatives a greater reward for their own labor, itself further increases the employer's incentive to adopt labor-saving machinery. For "the lower the day wage," we are told, "the smaller the rate of improvement in labor-saving methods and machinery. . . . Where labor is cheapest, the progress is the slowest."<sup>1</sup> Far from being an advantage to industry, "the cheapness of human labor where it prevails is the greatest incentive for the perpetuation of obsolete methods. . . . The incentive is wanting for replacing, with large capital outlay, old and obsolete by new and improved machinery. The survival of the fittest is, therefore, so to speak, the result of a high wage rate,"<sup>2</sup> provided, that is to say, that the high rate is enforced on all establishments alike. This is now seen even by the capitalists themselves. "We employers," lately declared one of the leading captains of English industry, "owe more than, as a body, we are inclined to admit, to the improvements in our methods of manufacture *due to the firmness and independ-*

<sup>1</sup> *The Economy of High Wages*, by J. Schoenhof (New York, 1892), p. 276.

<sup>2</sup> *Ibid.* pp. 38, 39.



ence of trade combinations. Our industrial steadiness and enterprise are the envy of the world. The energy and pertinacity of Trade Unions have caused Acts of Parliament to be passed which would not otherwise have been promoted by employers or politicians, all of which have tended to improve British Commerce.<sup>1</sup> . . . Every intelligent employer will admit that his factory or workshop, when equipped with all the comforts and conveniences and protective appliances prescribed by Parliament for the benefit and protection of his workpeople—though great effort, and, it may be, even sacrifice, on his part has been made to procure them—has become a more valuable property in every sense of the word, and a profit has accrued to him owing to the improved conditions under which his workpeople have been placed.”<sup>2</sup>

Besides this direct effect in stimulating all the employers, the mere existence of the Common Rule has another, and even more important result on the efficiency of industry, in that it is always tending to drive business into those establishments which are most favorably situated, best equipped, and managed with the greatest ability, and to

<sup>1</sup> A recent instance is afforded by the humble industry of washing clothes. The chairman of the Eastbourne Sanitary Steam Laundry Company, Limited, told his shareholders on 25th January 1897 that “the new Factory Act prevented the hands working so long as they used to do, and the directors had been obliged to provide machinery to enable them to do the work in less time” (*Laundry Record*, 1st March 1897). The extraordinary backwardness of the art of washing clothes, and the difficulty of obtaining skilled, regular, and honest laundry workers, are, we suggest, largely due to the lack of stimulus to employers and of decent conditions for the workpeople, resulting from the absence of Common Rules.

<sup>2</sup> W. Mather, *Contemporary Review*, November 1892. Here Mr. Mather has the economists of to-day on his side. Professor Nicholson cites Thorold Rogers as observing, “that every act of the legislature that seems to interfere with the doctrine of *Laissez Faire*, and has stood the test of experience, has been endorsed because it has added to the general efficiency of labor” (Rogers, *Six Centuries of Work and Wages*, London, 1891, p. 528; Nicholson, *Principles of Political Economy*, Edinburgh, 1893, p. 331). Mr. Mather, who is at the head of a great engineering establishment, is the author of the following interesting pamphlets: *The Forty-eight Hours’ Week: a Year’s Experiment and its Results at the Salford Iron Works* (Manchester, 1894); *A Reply to some Criticisms on Mr. Mather’s Report of a Year’s Trial of the Forty-eight Hours’ Week* (London, 1894).

eliminate the incompetent or old-fashioned employer. This fact, patent to the practical man, was not observed by the older economists. Misled by their figment of the equality of profits, they seem habitually to have assumed that an increase in the cost of production would be equally injurious to all the employers in the trade. The modern student at once recognises that the Device of the Common Rule, from its very nature, must always fail to get at the equivalent of all differential advantages of productive agents above the level of the worst actually required at any given time. When, for instance, the Amalgamated Association of Operative Cotton-spinners secures uniform piecework lists, identical hours of labor, and similar precautions against accident and disease in all English cotton mills, it in no way encroaches upon the extra profits earned by firms of long-standing reputation for quality, exceptional commercial skill, or technical capacity. Similarly, it does nothing to deprive mills enjoying a special convenience of site, the newest and best machinery, valuable patent rights or trade connections, of the exceptional profits due to these advantages. This is still more apparent in the case of the coal-miners, whose Mines Regulation Acts and "county averages" of wages, applying equally all round, necessarily leave untouched the vast incomes derived from the mining royalties of all but the worst mine in use. The very nature of this fundamental device of Trade Unionism—the necessary uniformity of any rule that is to be common to the whole trade—compels it to be fixed with reference to the circumstances, not of the best, but of the worst establishment *at which the Trade Unionists wish to obtain employment*. This does not mean that, in any well-organised trade, the Standard Rate, or other Common Rule, will be fixed so as to enable the economically weakest employers to continue in business. On the contrary, it is a matter of common experience that every time a Trade Union really secures a Common Rule, whether by Collective Bargaining or Legal Enactment, it knocks another nail into the coffin

of the least intelligent and worst-equipped employers in the trade.<sup>1</sup> We have already described how the small masters in the boot and shoe industry denounce, as a conspiracy of the great capitalists in the trade, any acceptance of a "uniform statement," or of the high standard of workshop accommodation insisted on by the National Union of Boot and Shoe Operatives. In the building trades, it is the small "jerry masters" who especially protest against the "tyranny" of the "Working Rules," to which the contractor in a large way of business willingly agrees. And in Lancashire, it is in the backward villages, where many of the mills are already shut up, that Factory Acts and Piecework Lists are denounced for the relentless pressure with which they force up the standard of efficiency to the level of Oldham or Bolton.<sup>2</sup>

How far this policy of the "selection of the fittest" among employers can be carried at any particular time is a matter for delicate calculation. It is obviously to the

<sup>1</sup> "We have been working at a loss for years," said a large cotton manufacturer to the Union secretary. "Yes," was the shrewd reply, "you have been losing your little mills and building bigger ones."—*First Prize Essay on Trades Unions*, by "Ithuriel" (Glasgow, 1875), p. 31.

<sup>2</sup> This is a matter of deliberate policy with the modern Trade Union. Thus, the official organ of the Cotton Operatives lately declared, in an article written by a prominent Trade Union official, that "if a firm realises that it cannot manufacture with profit to itself, and it is paying no more than others for labor, it is better that that firm, harsh though the doctrine may seem, should cease to exist, rather than the operatives should accept a reduction in wages and drag the whole trade down with them."—*Cotton Factory Times*, 17th July 1896.

This result is then often pointed to as showing the folly of Trade Union action in "driving capital out of the trade." But, so long as any better-managed, better-equipped, or more favorably situated mill is capable of doing increased business, the amount of effective capital in the trade will not be lessened through the closing of the worst mill. The price remaining the same, and therefore presumably the demand, the same quantity of the product will be produced and sold. All that will have happened will be that the capital in the trade will, on an average, be employed to greater advantage. How much scope there is, in modern industry, for this concentration of business in the most advantageous centres, may be judged from the admirable *Statistics of Manufactures* of Massachusetts from 1886 to 1896, which show that, in the two or three thousand separate establishments investigated, the average business done was only between 50 to 70 per cent of their full productive capacity—in some trades less than half the possible output of the existing plant being made.—See the *Eleventh Report*, Boston, 1897, pp. 99-104, 169.

interest of the Trade Union so to fix the Common Rule as to be constantly "weeding out" the old-fashioned or stupid firms, and to concentrate the whole production in the hands of the more efficient "captains of industry," who know how to lower the cost of the product without lowering the wage. Thus, so long as the more advantageously situated establishments in the trade are not working up to their utmost capacity, or can, without losing their advantage, be further enlarged, the Trade Union could theoretically raise its Common Rule, to the successive exclusion, one after another, of the worst employers, without affecting price or the consumers' demand, and therefore without diminishing the area of employment. By thus "raising the margin of cultivation," and simultaneously increasing the output of the more advantageously situated establishments, this Device of the Common Rule may accordingly shift the boundary of that part of the produce which is economically of the nature of rent, and put some of it into the pockets of the workmen.<sup>1</sup> If, for instance, one employer owns a patent which greatly reduces the cost of production, he will be able, so long as his output amounts only to a portion of the quantity demanded by the public at the old price, to put into his own pocket the entire equivalent of the improvement. But if the Trade Union, by gradually raising its Standard Rate, drives all the other employers one by one out of the trade, and concentrates the whole business into its most advantageous centre, the aggregate cost of production will be thereby greatly reduced. If the increased profit is retained by the monopolist, there is no theoretic reason why the workmen, if they are strong enough, should not encroach on this surplus, until they had reduced it to the current rate of profit of capital. There are, however, practical limits to such a process. However advantageously

<sup>1</sup> Ricardo and, more explicitly, J. S. Mill pointed out that anything which increased the output of the more fertile farms would tend to reduce the aggregate rent of agricultural land.—*Principles of Political Economy*, Book IV. ch. iii. § 4, pp. 434-436 of 1865 edition.



situated a particular establishment may be, we do not find that it, in practice, absorbs the whole trade. Considerations of locality and connection, of variety of demand, of the lack of capital, and, above all, the absence of desire or capacity to manage a larger business, set limits to the indefinite extension of even the most advantageously placed firm.<sup>1</sup> And whilst these limits interfere with the concentration of industry, other considerations conspire to hinder the desire of the Trade Union to push to the uttermost its policy of "levelling up." Though it would immediately profit the trade as a whole, and ultimately even its weakest members, the concentration involves, to begin with, a painful wrench for those members who would have to change their methods of working, often alter their habits of life, and sometimes even migrate to a new town. In such trades as the Engineers, the Boot and Shoe Operatives, the Cotton-weavers, and the Compositors, the Trade Union has, for whole generations, been struggling to induce its most apathetic and conservative-minded members to put on the adaptability and mobility of the "economic man." The growth of "uniform lists" and "national agreements" in one trade after another is a sign that this difficulty is, in some cases, being overcome; whilst part of the increasing preference for the Method of Legal Enactment is, in our view, to be attributed to the fact that it presses uniformly on all districts, and thus positively favors the concentration of each industry in the centres in which it can most advantageously be carried on. It is among the Lancashire Cotton-spinners that this far-sighted policy has been pursued with the greatest persistency, with the result, if we may believe the employers, of transferring to the operatives, in higher wages and better conditions, no small share of each successive improvement in production.

<sup>1</sup> For an expansion of this idea see "The Rate of Interest and the Laws of Distribution," by Sidney Webb, in *Quarterly Journal of Economics*, April 1888. Thus, it cannot be assumed that the cost of the marginal production is equal in good and bad establishments alike. Many other causes than marginal cost of production determine the distribution of business.

This result of the Common Rule—the constant selection of the fittest among the directors of industry, and the concentration of business in the most advantageous centres—is, strangely enough, often made a matter of reproach to Trade Unionism. Thus, even so benevolent an employer as Sir Benjamin Browne, looking back after twenty-six years' experience of the Engineers' fixing of a Nine Hours' Normal Day in 1871, blames the Trade Unions for thereby driving business into the hands of the best-equipped firms. "From this time," he declares, "more was done by large companies and less by small employers, . . . more and more costly and complicated machinery was introduced. . . . The practical effect of the Nine Hours' Movement was to ruin the small employer."<sup>1</sup> But seeing that the aggregate volume of engineering work has admittedly not fallen off—that it has, on the contrary, enormously increased—it cannot but be regarded as an economic gain that this work should be executed where it can be done to the greatest advantage. If, in the absence of a Common Rule, the "small employer," with his imperfect machinery and insufficient capital, with inferior scientific training and inadequate knowledge of the markets, is enabled to divert business from superior establishments by nibbling at wages, requiring systematic overtime, overcrowding his factory, or neglecting precautions against accident, his existence is not only detrimental to the operatives, but also a clear diminution of the nation's productive efficiency. Hence the enforcement of a Common Rule, by progressively eliminating the worst equipped employers and concentrating the whole pressure of competition on securing the utmost possible efficiency of production, tends constantly to the development of the highest type of industrial organisation.<sup>2</sup>

<sup>1</sup> Letter to the *Times* of 11th August 1897.

<sup>2</sup> The student will find an interesting confirmation of much of the preceding analysis, with illustrations drawn from the industry of to-day, in an able address just delivered by a leading employer in the engineering trade. *The Inaugural Address by the President of the Manchester Association of Engineers* (Mr. Joseph Nasmith), published at Manchester (1897), is largely occupied with the means

Thus, the effect of the Common Rule on the organisation of industry, like its effect on the manual laborer, and the brain-working entrepreneur, is all in the direction of increasing efficiency. It in no way abolishes competition, or lessens its intensity. What it does is perpetually to stimulate the selection of the most efficient workmen, the best-equipped employers, and the most advantageous forms of industry. It in no way deteriorates any of the factors of production; on the contrary, its influence acts as a constant incentive to the further improvement of the manual laborers, the machinery,

by which English employers can best meet foreign competition. He distinguishes three factors of supreme importance, among them being neither low wages nor long hours. "First, the economic effect of improved appliances; second, the adoption of the best commercial methods; and third, the fullest development of the skill of all those engaged in an industry, and especially of the leaders. . . . One of the direct consequences of the adoption of the newer methods and appliances has been such a subdivision of some operations as to involve a fresh organisation of labor. Instances will be well known in which the making of a single article, as, for instance, the matrix used in the linotype machine, or the spindles which are made for ring-spinning machines, involves the handling of the article by fifteen or twenty workpeople, each of whom is charged with the performance of one operation, forming possibly a small portion of those which are needed to complete the whole article. This necessitates the design and employment of a large number of machines or appliances, each of which is intended to aid in effecting one of these minor operations, and calling for the attention of a workman *especially trained in its use*. In this way there has been silently worked a revolution which is not always fully appreciated even yet, and which has had no less an effect than the elevation of the machine tender from a subordinate to an important position in the economy of a workshop. It is in consequence of the facility of subdivision which the ingenuity displayed in the production of special appliances has brought about, that in all organised industries the labor cost of any article continually tends to decrease. Probably because the economic change which has taken place has only been partially appreciated, we find people still making a great fuss about wages. As a matter of fact the rate of wages is not necessarily a guide to the labor cost of an article, and a wider recognition of this fact would prevent a good deal of trouble. . . . Labor cost and not wages is the determining factor, and there is not necessarily a direct connection between them. Indeed, it may be asserted that they are often in inverse proportion, and that *the more highly organised an industry is, the greater is the tendency for that to be so*. . . . Nothing has so much influence upon this problem as the possibility of making articles in large numbers, and it is in this direction that much remains to be done by engineers. Nothing presents so hopeful a field for the future efforts of constructive engineers as the design and manufacture of machines which will enable the manufacturers to produce all kinds of articles in the greatest possible numbers in any given time. *Wages become a secondary consideration under these circumstances, and although a change in the rate paid may for a time affect the economic conditions, it is not long before the skill of the constructor has placed him abreast of the new conditions.*"

and the organising ability used in industry. In short, whether with regard to Labor or Capital, invention or organising ability, the mere existence of a uniform Common Rule in any industry promotes alike the selection of the most efficient factors of production, their progressive functional adaptation to a higher level, and their combination in the most advanced type of industrial organisation.<sup>1</sup> And these results are permanent and cumulative. However slight may be the effect upon the character or physical efficiency of the wage-earner or the employer; however gradual may be the improvement in processes or in the organisation of the industry, these results endure and go on intensifying themselves so that the smallest step forward becomes, in time, an advance of the utmost importance.

So far the substitution in any trade of the Common Rule for the anarchy of Individual Bargaining would seem to be in every way beneficial. We have now to consider some characteristics which lead to a qualification of this conclusion.

We have to note, in the first place, that the result, though certain, may probably be slow. The passing of a Factory Act enforcing a definite standard of sanitation or a normal day, may be indispensable to prevent the progressive degradation of whole classes of operatives; by its diversion of the pressure of competition it may re-establish the physique, improve the character, and increase the efficiency of all subsequent generations; but the very day it comes into operation it will almost certainly raise the cost of labor to the employer, if only for a time. The extension of a uniform Piecework List to all the establishments in an industry may eventually concentrate all the business in the best-equipped

<sup>1</sup> The influence of a Common Rule in changing the nature and effects of competition in industry, is, of course, not confined to the relation between employer and workmen. The respective results on the character and efficiency of production, of "complete freedom of enterprise," on the one hand, and of such uniform restrictions as the Adulteration Acts, the by-laws relating to the construction of buildings, or the regulations for the conduct of common lodging-houses on the other, are well worth further study from this point of view.



mills, managed by the most capable employers, and thus positively reduce the cost of production ; but its first effect will probably be to raise that cost in the old-fashioned or outlying establishments not yet dispensed with. Like all permanent changes in personal character or social organisation, the economic effects of the Device of the Common Rule are gradual in their operation, and will not instantly reveal themselves in an improvement of quality or a diminished cost of production.

The response, moreover, in the way of added efficiency will vary from trade to trade. The rapidity with which the response will be given, the extent to which the improvement can be carried, and the particular "curve of diminishing return" that it will describe, will differ in each industry according as its condition at the moment affords more or less scope for the operation of the two potent forces of Functional Adaptation and the Selection of the Fittest, on workmen and capitalists respectively. Thus, the effect of the constant selection among the operatives will vary according to the range of choice which the technical circumstances of the industry permit the employer to exercise. This depends, in practice, for the skilled trades, upon the extent to which the process itself requires the co-operation of boys or other learners, from whom the skilled workers are recruited. Hence, the mule-spinners, attended each by two piecers—ten times the proportion of learners required to keep up the trade—are a far more "selected" class than the skilled hand-working tailors of the West End trade, who need have no boys at all working by their side, and who are largely assisted by women incapable of replacing them. We do not wish to discuss the social expediency of an arrangement, which attracts into an occupation every year thousands of boys, nine-tenths of whom, after they have reached maturity, find themselves skilled in an occupation which they have no chance of following, and which they must perforce abandon, at one period of their life or another, for some new means of livelihood. But whatever may be the consequences

of this arrangement to the unsuccessful piecers, its effect on the cotton-spinners, as a class, is to make them a highly selected aristocracy of ability, able to adapt themselves to the progressive complication and "speeding-up" of the machinery. Analogous differences exist between trade and trade in regard to the extent to which Selection of the Fittest can act on the employers, especially as to machinery and location. Thus, the total absence of any form of monopoly in cotton-spinning and cotton-weaving, and the remarkable facility and cheapness with which Lancashire capital can always be obtained for new cotton mills, gives the cotton Trade Unions a special opportunity for increasing the efficiency of the industry, by constantly driving out the weakest firms. A complete contrast to this state of things is presented by such legal or natural monopolies as railways, waterworks, tramways, and gas works, where the Trade Unions have to put up with whatever incompetent Board of Directors or General Manager may happen to hold the field. Nor is the difference between trade and trade any less in regard to the action on the employers of Functional Adaptation. Thus, the factory boot and shoe industry, supplied almost day by day with fresh inventions, and constantly recruited by the upstarting of new businesses, offers obviously more scope for the improvements caused by pressure on the brains of employers, than an industry like English agriculture, where generation often succeeds to generation in the same farm, and economic freedom of enterprise and mobility of capital is comparatively rare. The only direction in which progress could be at all equal as between trade and trade seems to be the improvement of the operatives, brought about by increased food, clothing, and rest. Even in this respect there would be more scope for improvement in an industry carried on by women or unskilled laborers, who are likely to be chronically underfed or overworked, than in a trade employing skilled artisans already earning a high Standard Rate. But once the process of "levelling up" had reached a certain point, this inequality of response would

cease to be apparent. At this stage, the increase in efficiency due to improvement in physical health and vigor, like the increase in mental activity made possible by sufficiency of food and rest, might be expected, in all trades, to bear a fairly close relation to the improvement in the workers' conditions, and would probably be subject to much the same limits in all the industries of a particular country. In every other respect trade differs widely from trade in the rapidity and degree with which it responds in the way of added efficiency, to the stimulus of the Common Rule. And this difference between one trade and another, in the potentiality of increased efficiency, bears, it will be obvious, no definite relation to the strategic strength or political power of the operatives. Whether the workers in any particular trade will actually be able to extract from the employers, either by Mutual Insurance, Collective Bargaining, or Legal Enactment, higher wages, shorter hours, or improved sanitation, depends, in practice, on many other circumstances than those affecting the possibilities of increased efficiency. Indeed, if we could admit any generalisation at all on the point, we might infer, from the general "law of diminishing returns," that a trade in which the wage-earners have hitherto been too weak to obtain any Common Rule, would be likely to yield a greater harvest of added efficiency than an old-established, well-organised, and powerful industry, in which the Trade Union had, for generations past, pushed its advantages to the utmost, and so probably exhausted most of the stimulus to increased Functional Adaptation and Selection of the Fittest produced by the use of the Common Rule.

There will, accordingly, be at any particular moment a practical limit to the advantageous raising of the Common Rule. The Selection of the Fittest, whether of employers, workmen, establishments, or districts, can achieve no more than to take the best for the purpose that the community at the time supplies. Functional Adaptation, whether of workmen or employers, or their mutual organisation, can go no

further than the structure for the time being allows. And though each successive rise in the Common Rule may produce its own increment of additional efficiency, there is a rapidly decreasing return to each successive application of pressure. Hence a Trade Union which has, in the first few years of its complete organisation, succeeded in obtaining considerable advances in its Standard Rate, sensible reductions of its Normal Day, and revolutionary improvements with regard to the Sanitation and Safety of its workplaces—all without injury to the extent and regularity of its members' employment—may presently find that, in spite of its perfected organisation and accumulated funds, its upward course slackens, its movements for further advances become less frequent or less successful, and, in comparison with the contemporary gains of other industries, the conditions of employment will remain almost stationary.

The Trade Unionist has a rough and ready barometer to guide him in this difficult navigation. It is impossible, even for the most learned economist or the most accomplished business man, to predict what will be the result of any particular advance in the Common Rule. So long, however, as a Trade Union, without in any way restricting the numbers entering its occupation, finds that its members are fully employed, it can scarcely be wrong in maintaining its Common Rules at their existing level, and even, after a reasonable interval, in attempting gradually to raise them.<sup>1</sup>

When the percentage of workmen out of employment begins to rise, it is a sign that the demand for their particular commodity has begun to slacken. This diminution of demand may, as we shall presently see, be due to any one of an almost infinite number of causes, quite unconnected with the conditions enjoyed by the operatives. But one of these

<sup>1</sup> This assumes, as is nearly always the case, that the wages and other conditions of employment are within the limits of the fullest physiological efficiency. So long as the family income of the typical skilled mechanic, even in England, is less than £100 a year, and his hours of labor are more than forty or fifty per week, the potentiality of improvement in physical and mental efficiency, in family life and citizenship, no less than in industry, is great.



possible causes is a rise in price, and one of the possible factors in a rise in price is an advance of the Common Rule which does not bring with it, in one form or another, a corresponding increase in the efficiency of the industry. Hence, although it can in no way be inferred that the slackening of demand has been caused by the rise in the level of the Common Rule, rather than to any other of the many possible causes, yet this slackening, however it is caused, must necessarily check any further advance. For assuming the workmen to rely exclusively on the Device of the Common Rule, it will not pay them to obtain a rise of wages, a shortening of hours, or improved conditions of sanitation or safety at the cost of diminishing their own continuity of employment. To put it concretely, whenever the percentage of the unemployed in a particular industry begins to rise from the 3 or 5 per cent characteristic of "good trade," to the 10, 15, or even 25 per cent experienced in "bad trade," there must be a pause in the operatives' advance movement.<sup>1</sup>

<sup>1</sup> The critical reader may retort that, when demand is expanding, a rise in the Common Rule unaccompanied by an increase in efficiency, may check the expansion without actually throwing any men out of work. This might conceivably be the case, if the particular rise in the Common Rule, which outstripped the increase in efficiency, took place before the increased orders for the commodity were given, and if the consequent rise in price merely choked off some or all of a coming increase in demand. This, however, is not the actual sequence of events. What happens first is that the increase in the demand shows itself in the receipt of unusually large orders by the manufacturers. The existing workmen are required to work full time, and then overtime; most of the unemployed in the trade get taken on; boys and other learners are promoted and additional men are inquired for; old establishments are enlarged, and new ones are opened. On this, the Trade Union asks for a rise in wages or a shortening of hours. If this is conceded, and is not followed by increased efficiency, the rise in cost of production and therefore in price can scarcely fail actually to cause some of the men in employment to be discharged. The more completely organised is the trade, the more precise is the index afforded by the percentage of members "on donation."

*(c) The effect of the sectional application of the Common Rule  
on the distribution of industry*

We have now to consider the effect of the Device of the Common Rule, not on the particular trade that practises it, but on the development of the nation's industry—that is to say, upon the distribution of the capital, labor, and brain power of any community among the different occupations that are open to it. In the complicated ebb and flow of the modern world of competitive industry the expansion or contraction of a particular trade cannot be considered by itself. The ordinary manufacturer or operative sees clearly enough that the growth or decay of his own establishment is intimately connected with the dwindling or expansion of other establishments in the same trade. The economist detects a similar rivalry between one occupation and another, even within the same community; and sees the area of this competition between distinct classes of workers indefinitely enlarged by international trade. Without a full appreciation of this silent but perpetual struggle between separate occupations, it is impossible to form any correct estimate of the influence of any particular factor in the distribution of industry.

We have, to begin with, the competition between alternative ways of manufacturing the same product. We need not dwell on the historic struggles of the handloom weaver and stocking-frame knitter against the operatives working with power; nor recur to the contemporary competition between handmade clothing and boots, nails and ropes, and the machine-made articles. What is more typical of our own time is the rivalry of one machine-process with another, such as the innumerable ways of producing steel, or, to take a simpler instance, the competition in cotton-spinning between the self-acting mule, worked by men and boys, and the perfected ring-frame, worked by women. A new stage in the competition is seen in the substitution of one material

for another, as, for instance, iron for wood in the making of bedsteads, and steel for iron in railway construction. A step farther brings us to the invention of alternative ways of fulfilling the same desire, exemplified in the rivalry between the railway and the road, the horse and the electric motor. Finally, there is a certain limited sense in which the operatives making entirely unconnected commodities compete for custom, so that, as it is commonly alleged, the seasonal demand for books and pianos fluctuates inversely with that for cricket-bats and bicycles.

So far we have considered the nation as a self-contained community, and we have regarded the customers as choosing only between different products of their own country. Foreign trade brings in a new complication. The English producers of commodities for foreign markets, and those who manufacture, for home consumption, commodities that can be imported from abroad, find their industries expanding or contracting according as the prices of their products rise and fall in other countries as well as at home. This may be clearly seen in the case of English coal. The cargoes from Cardiff and the Tyne go all over the world and find, in many foreign ports, practically no competitors. But how far inland our coals will push into each continent varies with every change of price. In Germany the Silesian and Westphalian mines, in Australasia those of New South Wales, and in South Africa those of the Cape and Natal already supply a large part of the local demand, and the geographical limit at which the use of English coal ceases to be cheaper than the inland supply is seen in practice to be as sensitively mobile as the thermometer. And if we turn to the influence of the import trade, we may watch the area of wheat growing in Great Britain expanding or contracting in close correspondence with the oscillations of the world price of wheat. So far the success of any class of English producers in competing for the world's custom would seem to depend exclusively on their ability to undersell the foreign producers of the same article. But this is only half the truth. The

distinctive effect of international trade is to bring into competitive rivalry, without their being conscious of the fact, many other trades within the particular country having no apparent connection with each other. This will be obvious to any one who considers for a moment the relation between exports and imports. Without sounding the depths of the orthodox "Theory of International Trade" or the mysteries of the Foreign Exchanges, it will not be doubted that any increase in our aggregate exports does, in practice, tend to cause at any rate some increase in our aggregate imports. If then, England for any reason increases its export trade—if, for instance, a fall in the cost of production of English machinery, coal, and textiles enables Lancashire and Cardiff increasingly to get the better of their foreign rivals in neutral markets—some increase will certainly reveal itself in our import trade, *not in machinery, coal, and textiles, but in entirely different articles*; it may be, in American food stuffs and Australian wool, or it may be in German glass wares and Belgian iron. Exactly which articles will be sent to England in increased quantities to pay for the increased foreign purchases of machinery, textiles, and coal, will depend on the relative cheapness of production, both at home and abroad, of all the commodities consumed by England that can also be produced abroad. It may be that food stuffs and wool, glass and iron, can all be produced abroad actually cheaper than they are selling in England. But the increase will tend to occur, not in those commodities in which the difference is least, but principally in those in which the difference is greatest. Hence the expansion or contraction of English production in a particular industry working for the home demand, is affected, not only by the foreign producers of the same commodity for the English market, but also by the expansion and contraction of every English industry working for export, and, yet again, by the conditions existing in all the other English industries that are subject to the competition of imports from abroad. The enormous increase in our imports of food stuffs, and the consequent contraction of



English agriculture, cannot therefore be dissociated from the contemporary increase in our exports: it is the Lancashire cotton-spinner and the Northumberland coal hewer who are most seriously competing with the English farmer. Or, to take another instance, if the jobbing home workers in the Sheffield cheap cutlery trade keep down the price of their product by working long hours, without expensive sanitary precautions, at the starvation wages of cut-throat competition, they may gain by their wretchedness a miserable exemption from the competition of French and German blades in the English market. But the effect of this exemption is to divert the nation's imports into other commodities. The brothers and cousins of the Sheffield cutlers, earning high wages in the Yorkshire glass works and iron furnaces, may therefore find their employment diminished by the persistent influx of German glass and Belgian iron, and they will be entirely unaware that the ebb and flow of their own trades have any connection, either with the expansions and contractions of the export trade of Lancashire on the one hand, or with the cheapness of production of Sheffield cutlery on the other. The same argument applies, it is clear, the other way round. The shrewd officials of the Lancashire Cotton Operatives, working largely for export, are as keenly aware as the employers that in promoting a new Factory Bill, or in resisting a reduction in their Piecework Lists, they must take into account the competition of Massachusetts and Bombay. But neither workmen nor employers in Lancashire realise that in this matter of foreign markets they have to face no less dangerous competitors at their own doors. Though the aggregate volume of our export trade is automatically kept up to a point that will discharge our foreign indebtedness, it does not at all follow that the export of each commodity will remain the same. England in this respect is like one great shop, from which the foreigner will certainly buy some goods. But how he will distribute his purchases among our different products will depend on which of them, relatively to all the others, offers the greatest advantage compared with foreign-

made articles. If, without any alteration of the balance of indebtedness, there springs up a new business able by the relative cheapness or attractiveness of its product to command a foreign market, the exports of all our other commodities will tend to be injuriously affected by these new sales. Thus, the development during the last twenty years of a large export trade in ready-made clothing and hardware must have, to some extent, tended to elbow out the elder industries, perhaps those of cotton and wool, some of which would, in the absence of these new competitors, necessarily have expanded to balance the increase in our imports of food stuffs.<sup>1</sup> The Lancashire mule-spinners must therefore

<sup>1</sup> This assumes that there has been no addition to the capital, brain power, and labor of the community. It has sometimes been urged that the upgrowth of the wholesale clothing trade in East London has been made possible only by the settlement of Jewish immigrants, and that the newcomers, creating a new export trade, cause an actual addition to our imports, and thus neither diminish employment in other home trades nor restrict any existing export trade. It is, accordingly, suggested that the Jewish immigration is not injurious to the English wage-earners, and that it actually adds to English commercial prosperity.

As a matter of fact, neither the capital nor the brain power, which have created the new export trade in slop clothing, have been provided by the Jewish immigrants, nor is it by any means entirely carried on by immigrant labor. It may be that the opportunity for the trade in its present form arises from the presence of these and other workers of a low Standard of Life; but the capital and organising capacity have been supplied by our own countrymen; and must therefore be taken to have been diverted by this opportunity, away from other industries, which find themselves thereby subtly restricted.

If, indeed, the immigrants brought with them their own capital and brain power, and created a new industry exclusively for export, the result would be, as suggested, an addition to our imports, and there would be no tendency to a restriction of the other export trades. But the pinch would then be felt elsewhere. The additional imports would, of course, not be the articles actually consumed by the immigrants, and there would be a shifting of trade, some home industries expanding under the additional demand, others dwindling under the competition of the newly-stimulated imports. The total trade, apart from the immigrants' own production and consumption, would neither be increased nor decreased; and the total wealth of the nation, apart from the immigrants' own possessions and savings, not affected. The chief importance of the immigration would then lie in its indirect effects on national character and capacity. If the immigrants, like the Polish Jews, brought in a lower Standard of Life, the result might be (besides increasing the overcrowding of the slums) a constant influence for degradation. If, on the other hand, the immigrants, like the Huguenots, introduced a higher Standard of Life, their example might produce a permanent improvement in national character. There is also the obscure question of the effect of the intermixture of races to be considered.

realise that they are competing, not only with the women ring-spinners in Lancashire itself and the mule-spinners in the foreign cotton mills, but also with the English workers in all the trades that produce any article whatsoever for sale to the foreigner.

We come, therefore, to the conclusion that the employers and operatives in any particular industry ought to regard themselves as in the truest sense competing for business, no less than for the supply of capital, brains, and manual labor, with practically every other industry in the country, however unconnected with their own it may seem to be ; and in this competitive struggle the battle, it is obvious, will not always be to the strong, nor the race to the swift. The ebb and flow of business, and hence the distribution of the nation's industry, and the production of one article rather than another, depends on many conditions quite unconnected with the conduct or efficiency of the employers or the workmen concerned, or with their remuneration. A change of taste or fashion, a scientific discovery, the upgrowth of a new class of customers, a mere alteration in the nation's wealth, or in its distribution between classes, a war or a famine, or even a sumptuary law, will make some trades expand and others dwindle, quite independently of any increase or decrease in the cost at which their products are being turned out. And even if we restrict ourselves to the effect of price in stimulating or contracting the demand for a particular commodity, it will be obvious that its cost of production will vary for many reasons totally unconnected with the requirements of the employers or the conditions of employment of the work-people concerned. The varying abundance or scarcity of the raw material, the ease and cost with which it can be transported, the discovery of a new ingredient, the invention of a new machine or a new process, a change in the incidence of taxation—all these, and numberless other factors unconnected with the conditions of employment affect cost of production, and therefore price. It is, of course, this extreme complication of factors—this almost infinite degree of

Plurality of Causes and Intermixture of Effects—that makes it impossible to prove or disprove the efficacy of Trade Unionism by any enumeration of instances. What we have to do is, assuming each trade to be incessantly subjected to the keenest competition of every other trade at home and abroad, to leave on one side all the other influences at work and examine what effect the device of the Common Rule itself exercises upon the distribution of industry.

We have seen, in our analysis of the economic effects of the Common Rule on the industries in which it is applied, that this regulation, with its gradual advance of level, positively tends to diminish the cost of production in those industries. It follows that, other things being equal, they will expand at a greater rate than the unregulated trades. But it is characteristic of the expansion thus caused that it brings incidental advantages to the whole industrial community. The fact that the labor and capital employed in one or more of the nation's industries has become more productive than before does not diminish the aggregate demand or the aggregate purchasing power: on the contrary, it increases it. Any shrinkage in particular trades, due to the partial suppression of their products by the improving industries, will be balanced by at least as much expansion elsewhere, due to the increased purchases of these industries themselves. Moreover, the increased incentive to the invention and perfecting of labor-saving machinery, the added stimulus to the discovery of new markets, new materials, and new ways of satisfying existing desires, which, as we have seen, is an inevitable reaction from the bulwark of the Common Rule, provides the unregulated trades with a stream of ready-made appliances, tested inventions, and new opportunities, which would never have revealed themselves to their own unstimulated brains. Similarly, the general raising of the Standard of Life of any section of wage-earners improves the national stock, from which all occupations draw their recruits.<sup>1</sup>

<sup>1</sup> Thus, the great English factory industry of boot and shoe manufacture, only



But though the regulated industries, by progressively raising the standard of mechanical ingenuity, organising capacity, and physical strength, will have added to the national capital in all its forms, their very superiority makes continuously harder the struggle of the unregulated trades to maintain their position in the world's market. The rapid adoption of new inventions almost inevitably involves the decay and destruction of other trades. Thus, the enormous extension of the use of iron bedsteads—the product of a highly-organised trade—cannot fail to have contracted the manufacture of cheap wooden bedsteads in the sweating dens of the East End “garret masters.” This is obvious enough when we consider the substitution of a new commodity for the inferior article which formerly satisfied the same want, or even the satisfaction of one need rather than another, as in the competition between books and bicycles. International trade, as we have seen, causes the same rivalry to exist between industries apparently unconnected with each other. Thus, the lowering of the cost of production of iron bedsteads does not interfere merely with the English production of wooden bedsteads: by its stimulus to the export of iron bedsteads it positively increases the imports into England of entirely different articles, and may, therefore, itself be one of the factors in the contraction of English agriculture, and of the manufacture of the cheaper sorts of glass, cutlery, and wood work.

recently emerging from the quagmire of Home Work, and itself as yet producing hardly any inventions, has been made possible by the amazing mental fertility of Connecticut and Massachusetts, where the well-organised workmen exact wages twice as high as their English rivals. Similarly, the Indian cotton-mills have, without effort of their own, automatically received the inventions which, if we may believe Babbage and the *Edinburgh Review*, owe their very existence to the aggressive Trade Unionism of the Lancashire operatives. And the able Englishmen who began life as artisans, and are now to be found in responsible positions in so many continental factories, are plainly the result of the comparatively high wages and short hours—not to speak of the training in administration—which the English workmen in the regulated trades have derived from their Trade Unionism. In these and many other ways those countries and those industries in which a relatively high standard of life is enforced, are perpetually dispensing to the world, out of their abundance, what their unregulated rivals are unable to produce for themselves.

More important in its detrimental effect on the unregulated trades will be the diversion away from them of the best industrial recruits. In industries unregulated by Common Rules it may suit the immediate profit and loss account of an employer to select, as his foreman, not the man who can most improve the product or the process, but the man who has the greatest capacity for nibbling at wages or cribbing time. The fact that the Common Rules prevent the beating down of wages, the lengthening of hours, or the neglect of precautions against accidents or disease, automatically causes the selection, for the post of foreman or manager, of men who have at their command, in the improvement of machinery and organisation, far more permanent and cumulative ways of reducing the cost of production than taking advantage of the operatives' weakness. The concentration of business in large establishments, which, as we have seen, is one of the results of the Common Rule, directly encourages the enlistment in the industry of men of specialised knowledge and scientific attainments. There is an enormous difference, not as yet adequately realised, between the sort of man who becomes the typical "small master" of the unregulated trades, and the hierarchy of highly-trained organisers, managers, buyers, travellers, agents, chemists, engineers, metallurgists, electricians, designers, and inventors who direct the business of great establishments. This difference in the quality of the recruiting is no less marked among the manual laborers. No operative who is strong enough, or intelligent enough, or regular enough to get into a trade enjoying high wages, short hours, and decent conditions of work will stay in an occupation affording him inferior advantages. The high standard enjoyed by the Lancashire cotton-spinners and engineers, or by the Northumberland miners, causes these trades to draw to themselves the pick of the young men in their respective districts. Hence the final curse of the unregulated trades—they are perpetually condemned to put up with the inferior labor that cannot get employment elsewhere. Every rise in the

conditions of life of the factory operative and the coalminer makes it harder for the country district to retain the best boys of the village. Every time the Board of Trade shortens the hours or protects the lives of the railway servant; each new statute that increases the certainty and amount of his compensation for accident; every rise in the Standard Rate that public opinion secures to him, indirectly makes the struggle for existence harder for the farmer and the "little master" in the country town.

(d) *Parasitic Trades*

We have hitherto proceeded on the assumption that the competition between trades is unaffected by anything in the nature of a subsidy or bounty. If the community chooses to give to all the employers in a particular industry an annual bounty out of the taxes, or if it grants to all the operatives in that industry a weekly subsidy from the Poor Rate in aid of their wages, it is obvious that this special privilege will, other things being equal, cause the favored industry to outstrip its rivals. The subsidy or bounty will enable the endowed manufacturers to bribe the public to consume their article, by ceding to them what they have not paid for. An analogous advantage can be gained by the employers in a particular trade if they are able to obtain the use of labor not included in their wage-bill. Under the competitive pressure described in our chapter on "The Higgling of the Market" some of the unregulated trades become, in fact, parasitic. This occurs, in practice, in two distinct ways.

We have first the case of labor partially subsisted from the incomes of persons unconnected with the industry in question. When an employer, without imparting any adequate instruction in a skilled craft, gets his work done by boys or girls who live with their parents and work practically for pocket-money, he is clearly receiving a subsidy or bounty which gives his process an economic advantage over those

worked by fully-paid labor. But this is not all. Even if he pays the boys or girls a wage sufficient to cover the cost of their food, clothing, and lodging so long as they are in their teens, and dismisses them as soon as they become adults, he is in the same case. For the cost of boys and girls to the community includes not only their daily bread between thirteen and twenty-one, but also their nurture from birth to the age of beginning work, and their maintenance as adult citizens and parents.<sup>1</sup> If a trade is carried on entirely by the labor of boys and girls and is supplied with successive relays who are dismissed as soon as they become adults, the mere fact that the employers pay what seems a good subsistence wage to the young people does not prevent the trade from being economically parasitic. The employer of adult women is in the same case where, as is usual, he pays them a wage insufficient to keep them in full efficiency, irrespective of what they receive from their parents, husbands, or lovers.<sup>2</sup> In all these instances the efficiency of the services rendered by the young persons or women is being kept up out of the earnings of some other class. These trades are therefore as clearly receiving a subsidy as if the workers in them were being given a "rate in aid of wages." The English farmer pays, it is true, no higher wages, but then he receives in return, since the abolition of the Old Poor Law, only what he pays for: his low Standard of Life involves a low Standard of Work. The employer of partially subsidised woman or child labor gains, on the other hand, actually a double advantage over the self-supporting trades: he gets without cost to himself the extra energy due to the extra food, and he abstracts—possibly from the workers at a rival process,

<sup>1</sup> To this, in strictness, should be added their maintenance in old age and their burial. But only a small proportion of the aged wage-earners in the United Kingdom are maintained, and eventually buried, out of their own savings or the assistance of relations. Old age and burial, like education, have already become to a great extent, in the form of charity or the Poor Law, charges upon the community as a whole. See *Pauperism and the Endowment of Old Age* (London, 1892), and *The Aged Poor* (London, 1894), by Charles Booth.

<sup>2</sup> "Women as a rule are supplementary wage-earners."—Charles Booth, *Life and Labour of the People*, vol. ix. p. 205.



or in a competing industry—some of the income which might have increased the energy put into the other trade.

But there is a far more vicious form of parasitism than this partial maintenance by another class. The continued efficiency of a nation's industry obviously depends on the continuance of its citizens in health and strength. For an industry to be economically self-supporting, it must, therefore, maintain its full establishment of workers, unimpaired in numbers and vigor, with a sufficient number of children to fill all vacancies caused by death or superannuation. If the employers in a particular trade are able to take such advantage of the necessities of their workpeople as to hire them for wages actually insufficient to provide enough food, clothing, and shelter to maintain them in average health; if they are able to work them for hours so long as to deprive them of adequate rest and recreation; or if they can subject them to conditions so dangerous or insanitary as positively to shorten their lives, that trade is clearly obtaining a supply of labor-force which it does not pay for. If the workers thus used up were horses—as, for instance, on an urban tramway—the employers would have to provide, in addition to the daily modicum of food, shelter, and rest, the whole cost of breeding and training, the successive relays necessary to keep up their establishments. In the case of free human beings, who are not purchased by the employer, this capital value of the new generation of workers is placed gratuitously at his disposal, on payment merely of subsistence from day to day. Such parasitic trades are not drawing any money subsidy from the incomes of other classes. But in thus deteriorating the physique, intelligence, and character of their operatives, they are drawing on the capital stock of the nation.<sup>1</sup> And even if the using up is not actually so rapid

<sup>1</sup> The economic position of the slave-owner where, as latterly in the United States and Brazil, the slaves had to be bred for the labor market, closely resembles that of the tramway company using horse-power. So long as the African slave-trade lasted, the importation of slaves being presumably cheaper than breeding them, the industries run by slave labor were economically in much the same position as our own sweated trades—that is to say, supplied with successive relays

as to prevent the "sweated" workers from producing a new generation to replace them, the trade is none the less parasitic. In persistently deteriorating the stock it employs, it is subtly draining away the vital energy of the community. It is taking from these workers, week by week, more than its wages can restore to them. A whole community might conceivably thus become parasitic on itself, or, rather, upon its future. If we imagine all the employers in all the industries of the kingdom to be, in this sense, "sweating" their labor, the entire nation would, generation by generation, steadily degrade in character and industrial efficiency.<sup>1</sup> And in human society, as in the animal world, the lower type developed by parasitism, characterised as it is by the possession of smaller faculties and fewer desires, does not necessarily tend to be eliminated by free competition.<sup>2</sup> The degenerate forms may, on the contrary, flourish in their degradation, and depart farther and farther from the higher type. Evolution, in a word, if unchecked by man's selective power,

of cheap but rapidly deteriorating labor—and the cheapness of their product, observed Mill, "is partly an artificial cheapness, which may be compared to that produced by a bounty on production or on exportation; or considering the means by which it is obtained, an apter comparison would be with the cheapness of stolen goods."—*Principles of Political Economy*, Book III. ch. xxv. § 3, p. 413 of 1865 edition.

<sup>1</sup> The practical agriculturist may see an analogy in the case of land. To the theoretic economist land often appears as an indestructible instrument of production, but the agricultural expert knows better. If under complete industrial freedom the hirers of land sought only to obtain the maximum profit for themselves, it would pay them to extract for a few years the utmost yield at the minimum outlay. The land so treated would be virtually destroyed as an instrument of production, and could only be brought into cultivation again by a heavy outlay of capital. But this would not matter to the hirer, if he was free to discard the worn-out farm when he chose, and to take a fresh one. The remedy in this case is found in the covenants by which the owner of the land regulates the use of it by the hirer, so as to ensure that it shall be maintained in complete efficiency.

<sup>2</sup> The apostles of *laissez faire* were sometimes startling in the extent to which they carried their optimism. Thus, when Harriet Martineau was driven by the evidence collected by the Factory Commissioners in 1833 to admit that "the case of these wretched factory children seems desperate," she goes on to add "the only hope seems to be that the race will die out in two or three generations" (*Harriet Martineau's Autobiography*, by Maria Weston Chapman, vol. iii. p. 88). But there was no race of factory children dependent for continuance on its own reproduction.

may result in Degeneration as well as in what we choose to call Progress.

We might have to accept as inevitable the incidental evils of the parasitic trades if it could be urged that their existence resulted in any positive addition to the national wealth—that is to say, if they utilised capital and found employment for labor that would otherwise have been idle; or if they fulfilled desires that must otherwise have remained unsatisfied. But this is not the case. We have, to begin with, the fact that the mere existence of any parasitic industry tends incidentally to check the expansion of the self-supporting trades, whether these are regulated or unregulated. Nor is it only such unprogressive industries as agriculture that suffer. In cotton-spinning, the fact that well-nurtured and respectable young women can be hired at ten or twelve shillings a week is tempting the millowners to substitute the ring-frame for the mule more extensively than would be profitable if the employers had to pay a full subsistence wage for their ring-spinners, or if they could get for their ten or twelve shillings a week only such irregular and inefficient workers as could or would permanently live on that income. The fact that the female ring-spinners have been brought up and are partly supported by the mule-spinners themselves, or by other well-paid trades like the engineers, is thus positively throwing more mule-spinners out of work than would otherwise be the case. And there is, as we have seen, a more subtle competition. The fact that the wholesale clothing contractor is allowed to deteriorate and use up in his service the unfortunate relays of sweated out-workers who make his slop clothing, gives him actually a constant supply of vital energy which he need not and does not replace by adequate wages and rest, and thus makes it possible for him to sell his product cheaper, and hence to augment his export trade more than he could have done if his industry were free from social parasitism. And every expansion of this rival export trade tends, as we have seen, to elbow out other sales to the foreigner—it may well be,

therefore, to restrict the export, and therefore the manufacture, of hardware, machinery, or textiles.

Nor can it be imagined that there is anything so peculiar in the nature of the products of the "sweated trades," that they could not be just as efficiently supplied to us without their evil parasitism. We venture to assert, on the contrary, that there is no article produced in the whole range of the parasitic trades which could not be manufactured with greater technical efficiency, and with positively less labor, by a highly regulated factory industry. But just as in a single trade the unregulated employer who can get "cheap labor" is not eager to put in machinery, so in the nation, the enterprising capitalists who exploit some new material or cater for some new desire inevitably take the line of least resistance. If they can get the work done by parasitic labor they will have so much the less inducement to devise means of performing the same service with the aid of machinery and steam power, and so much the less interest in adopting mechanical inventions that are already open to them.<sup>1</sup> Thus the parasitic trades not only abstract part of the earnings of other wage-earners, and use up the capital stock of national vigor: they actually stand in the way of the most advantageous distribution of the nation's industry, and thus prevent its

<sup>1</sup> Professor Schmoller observes that "Self-interest in industrial society is like steam in the steam-engine: only when we know under what pressure it is working can we tell what it will accomplish" (*Sendschreiben an Herrn von Treitsche*, Berlin, 1875, p. 37). This is strikingly illustrated by the evil persistence in England, owing to the absence of the pressure of a Standard Rate in the sweated trades, of obsolete and uneconomical processes. "Public attention was directed with some force a short time ago to the wretched condition of the 'nailers' in the Dudley district. In America labor conditions of this kind are impossible owing to the economic circumstances existing, yet nails are made at a labor cost far lower than that common in the Dudley district. The output of a worker in an American nail mill amounts to over  $2\frac{1}{2}$  tons per week, while the Staffordshire nailer, working on his old method, only produces 2 cwt. Of what avail is it that the workman in the latter case earn 15s. only, and in the former £6 per week? The labor cost per lb. is in the one case 0.8d. and in the other 0.257d. Thus the earnings are eight-fold greater in the case of the American workman, while the labor cost is only one-third that of the nail produced by the English workman. This is . . . only illustrative of a principle which runs through all industries."—Manchester Association of Engineers, *Inaugural Address by the President, Mr. Joseph Nasmith* (Manchester, 1897), p. 6.



capital, brains, and manual labor from being, in the aggregate, as productive as they would otherwise be. So long as we assume each industry to be economically self-supporting, the competition between trades may be regarded as tending constantly to the most productive distribution of the capital, brains, and manual labor of the community. Each trade would tend to expand in proportion as it became more efficient in satisfying the public desires, and would be limited only at the point at which some other trade surpassed it in this respect. Every unit of the nation's capital, like every one of its capable entrepreneurs and laborers, would tend constantly to be attracted to the industry in which they would produce the greatest additional product. If, however, some trades receive a subsidy or bounty, these parasites will expand out of proportion to their real efficiency, and will thus obtain the use of a larger share of the nation's capital, brains, and manual labor than would otherwise be the case, with the result that the aggregate product will be diminished, and the expansion of the self-supporting trades will be prematurely checked. This tendency of industry to be forced by the pressure for cheapness, not into the best, but into the lowest channel, was noticed by the shrewd observers who exposed the evils of the old Poor Law. "Whole branches of manufacture," they said, "may thus follow the course, not of coal mines or streams, but of pauperism; may flourish like the fungi that spring from corruption, in consequence of the abuses which are ruining all the other interests of the place in which they are established, and cease to exist in the better administered districts, in consequence of that better administration."<sup>1</sup>

<sup>1</sup> *First Report of Poor Law Commissioners, 1834, p. 65, or reprint of 1884 (H. C. 347 of 1884).* The disastrous effects on agricultural labor of the "rate in aid of wages" of the old Poor Law have become an economic commonplace. It seems to be overlooked that what is virtually the same bounty system prevails wherever work is given out to be done at home. The scanty earnings of women outworkers, with their intermittent periods of unemployment, inevitably lead to their being assisted by private charity, if not also from public funds. Thus, a recent investigator in Glasgow reports that "the returns of the Inspectors of the Poor show that many outworkers, who are in receipt of wages too small to support them,

This condition of parasitism is neither produced by the self-helping efforts of the more fortunate trades to improve their own conditions, nor can it be remedied by any such sectional action. The inadequate wages, excessive hours, and insanitary conditions which degrade and destroy the victims of the sweated trades are caused primarily by their own strategic weakness in face of the employer, himself driven to take advantage of their necessities by the unconscious pressure described in our chapter on "The Higglings of the Market." That weakness, and the industrial inefficiency to which it inevitably leads, are neither caused nor increased by the fact that other sections of wage-earners earn high wages, work short hours, or enjoy healthy conditions of employment. If, as we have argued, these conditions, enforced by the Device of the Common Rule, themselves produce the high degree of specialised efficiency which enables them to be provided, their existence is no disadvantage to the community, nor to any section of it. On the contrary, the resulting expansion of the regulated trades will have reclaimed an additional area from the morass. If, on the other hand, they are not accompanied by a full equivalent of efficiency, their existence in the regulated industries, by increasing cost of production, must be a drawback to these in the competition between trades, and thus positively lessen the pressure on the unregulated occupations and the workers in them.<sup>2</sup> On neither view can the relatively

though working full time, are aided from the rates. Moreover, although to an extent which it is impossible to ascertain, many of the outworkers on low wages are assisted by the churches and by charities. Here evidently part of the wages is paid by outsiders. . . . The cheapness of goods made in such circumstances is balanced by the increase in Poor Rates and in the demands on the benevolent." —*Home Work amongst Women*, by Margaret H. Irwin (Glasgow, 1897).

<sup>2</sup> Thus, in the international competition between trades, the maintenance of wages at high rates by means of Restriction of Numbers is calculated to be disastrous to the trade practising this device. The high price of the labor, coupled with its declining efficiency, can scarcely fail to cause an increase in the price of the product. If this comes into competition with foreign articles, or if a cheap substitute can easily be found, the trade will quickly be checked and the falling off in demand, leading to some workmen losing their employment, will call for increased stringency in excluding fresh learners. The effect of the Restriction of Numbers in any trade, if this is pushed so far as seriously to raise

good conditions exacted by the coalminer or the engineer be said to be in any way prejudicial to the chain and nail maker of the Black Country or the outworking Sheffield cutler, to the sweated shirtmaker of Manchester or the casual dock laborer of an East London slum. Their influence, such as it is, is all in the other direction. The fact that a brother, cousin, or friend is receiving a higher wage, working shorter hours, or enjoying better sanitary conditions is an incentive to struggle for similar advantages.<sup>1</sup>

Unfortunately there is no chance of the parasitic trades raising themselves from their quagmire by any sectional action of their own. It is, for instance, hopeless for the casual dock laborers of London to attempt, by Mutual Insurance or Collective Bargaining, to maintain any effective Common Rules against the will of their employers. Even if every man employed at dock labor in any given week were a staunch and loyal member of the Trade Union, even if the union had funds enough to enable all these men to stand out for better terms, they would still be unable to carry their point. The employers could, without appreciable loss, fill their warehouses the very next day by an entirely new

the price of the product, is, therefore, actually to drive more and more of the nation's capital and labor from the restricted industry, and its progressive dwindling, even to the point of complete extinction, or transfer to another country.

<sup>1</sup> It may be said that one class of parasitic workers—women or child workers—are partly supported from the wages of other operatives, usually better paid; and that their parasitism is thus made possible by the existence of these better paid operatives, and therefore, in some sense, by Trade Unionism. There is, however, no connection between the two. This kind of parasitism does, indeed, imply a donor of the bounty as well as a recipient, but the existence of differences in income between individuals, or even between classes, is in no way dependent on Trade Unionism. Moreover, there are some cases—such as the relation between home work and casual dock labor in East London—in which two equally low-paid occupations may be said, by their alternate mutual help, to be parasitic on each other. The facility of obtaining “large supplies of low-paid labor,” says Mr. Charles Booth, “may be regarded as the proximate cause of the expansion of some of the most distinctive manufacturing industries of East and South London—furniture, boots and shoes, caps, clothing, paper bags, and cardboard boxes, matches, jam, etc. . . . They are found in the neighbourhood of districts largely occupied by unskilled or semi-skilled workmen, or by those whose employment is most discontinuous, since it is chiefly the daughters, wives, and widows of these men who turn to labor of this kind.”—C. Booth, *Life and Labour of the People* (London, 1897), vol. ix. p. 193.

set of men, who would do the work practically as well. There is, in fact, for unspecialised manual labor a practically unlimited "reserve army" made up of the temporarily unemployed members of every other class. As these form a perpetually shifting body, and the occupation of "general laboring" needs no apprenticeship, no combination, however co-extensive it might be with the laborers actually employed at any one time, could deprive the employer of the alternative of engaging an entirely new gang. The same reason makes it for ever hopeless to attempt, by Mutual Insurance or Collective Bargaining, to raise appreciably the wages of the common run of women workers. Where, as is usually the case, female labor is employed for practically unskilled work, needing only the briefest experience; or where the work, though skilled, is of a kind into which every woman is initiated as part of her general education, no combination will ever be able to enforce, by its own power, any Standard Rate, any Normal Day, or any definite conditions of Sanitation and Safety. This is even more obvious when the parasitic labor is that of boys or girls, taken on without any industrial experience at all. Mutual Insurance and Collective Bargaining, as methods of enforcing the Common Rule, become impotent when the work is of so unskilled or so unspecialised a character that an employer can, without economic disadvantage, replace his existing hands in a body by an entirely new set of untrained persons of any antecedents whatsoever.

The outcome of this analysis is that the strongest competitors for the world's custom, and for the use of the nation's brains and capital, will be the regulated industries on the one hand, and the parasitic trades on the other—the unregulated but self-supporting industries having to put up with the leavings of both home and foreign trade, and a diminishing quantity and quality of organising capacity and manual labor.<sup>1</sup> In what proportion a nation's industry will

<sup>1</sup> It may be desirable to observe, in order to prevent possible misunderstanding, that we propose this division of industries into three classes, as a Classification



be divided among the two conquerors will, it is obvious, depend primarily on the extent to which regulation is resorted to. The more widespread and effective is the use of the Device of the Common Rule, the larger, other things being equal, will be the proportion of the population protected from the ravages of "sweating." On the other hand, the more generally the conditions of employment are left to be freely settled by Individual Bargaining, the wider will grow the area of the parasitic trades. And omitting from consideration those industries which are at once unregulated and self-supporting—which succumb, as we have seen, before either victor—it would require delicate economic investigation to estimate the relative advantage, in this day-to-day struggle between industries, of the slow but cumulative stimulus given by the Common Rule, on the one hand, and, on the other, the immediate cheapening of production made possible by parasitism, whether this takes the form of grants in aid of subsistence from persons outside the industry, or of an unremunerated consumption of labor's capital stock. We might infer, from the respective economic characteristics

by Type, not by Definition. "It is determined, not by a boundary line without, but by a central point within; not by what it strictly excludes, but by what it eminently includes; by an example, not by a precept" (Whewell, *History of Scientific Ideas*, vol. ii. p. 120; Mill, *System of Logic*, vol. ii. p. 276). Here, as elsewhere in Nature, there are no sharp lines of division. The different trades shade off from each other by imperceptible degrees. So far as we are aware, there is no industry that is completely regulated, none that is completely unregulated and self-supporting, and none that is completely parasitic. Mule-spinning, for example, is a highly-regulated industry, but in so far as it is fed with relays of piecers whom it does not support, it is parasitic on other trades. Agriculture, though mainly driven to be self-supporting, is, in some districts, parasitic on occupations with which it is combined, such as fishing or letting lodgings; and though mainly unregulated, sometimes employs workmen at wages governed by a Standard Rate, or residing in farm cottages, as to which there is some attempt to enforce the Public Health Acts. The parasitic trades themselves usually employ a modicum of organised labor, and their operations are frequently divided between the highly-regulated factory and the unregulated home. It is accordingly impossible to discover whether or not an industry is parasitic by any such operation as dividing the total wages that it pays among the total number of its employees. Any trade is so far parasitic if it employs any labor which is not entirely maintained and replaced out of the wages and other conditions afforded to that particular labor. Our remarks as to parasitic trades apply, therefore, to all industries whatsoever, in so far as they are parasitic.

of these two sources of industrial advantage, that the regulated trades would expand steadily, generation after generation, improving the quality of their products even more rapidly than reducing their price, and thus tending to oust their rivals principally in the more complicated productive processes and the finer grades of workmanship. The parasitic trades, on the contrary, would form a constantly shifting body, cropping up suddenly in new forms and unexpected places, each in succession gaining a quick start in the world's market by the cheapness of its product, often realising great fortunes, but each gradually losing ground before other competitors, and thus individually failing to secure for itself a permanent place in the nation's industry.

Amid all the complications of human society, it is impossible to give inductive proof of any generalisation whatsoever. But the outcome of our analysis is certainly consistent with the main developments of British trade during the nineteenth century, and with its present aspect. If, for instance, we compare the distribution of industry in Great Britain fifty years ago with that of the present day, we are struck at once by the enormous increase in the proportion occupied by textile manufactures (especially cotton), ship-building, machine-making, and coal-mining,<sup>1</sup> as compared with agriculture, and with those skilled handicrafts like watchmaking, silk-weaving, and glove-making, for which England was once celebrated. To whatever causes we may ascribe the success of the former industries, it is at least a striking coincidence that they are exactly those in which the Device of the Common Rule, whether enforced by Collective Bargaining or Legal Enactment, has been most extensively and continuously applied. Equally significant is the fact that the expansion of our manufactures is now taking place, in the main, less in the lower grades of quality than in the higher. Thus, it is in the finer "counts" of

<sup>1</sup> These four great staple industries now contribute three-quarters of the whole exports of British production, and an ever-increasing proportion of our manufactures for home consumption.

yarn, the best longcloth, and the most elaborately figured muslins—not in the commoner sorts of cotton goods—that Lancashire exports find their widest market. In ship-building, the highly complicated and perfectly finished warship and passenger liner are the most distinctively British products. And English steam-engines, tools, and machinery are bought by the foreigner in yearly increasing quantities, not because they are lower-priced than many continental manufactures, but because they more than retain their pre-eminence in quality. Coincidentally with this expansion in the most skilled parts of our regulated trades has been the gradual ousting, even in the home market, of our manufactures of the commoner sorts of joinery, glass, paper, and cutlery—all branches in which the English workmen have never been sufficiently organised to enforce a Standard Rate or a Normal Day.<sup>1</sup> We might follow out this coincidence between expansion and regulation still further, pursuing it across the cleavage of handwork *versus* machinery, and noting the success of the highly organised Kentish hand paper-makers and Nottingham machine laceworkers, in comparison with the relative weakness before foreign competition of the machine papermakers and hand laceworkers, both of which have always been practically unorganised trades, earning low wages. It is interesting to note that, with the exception of the hand laceworkers, all these weak or decaying industries are carried on by adult men, and therefore debarred from the ordinary form of parasitic subsidy. But the most remarkable decline of an unregulated and self-supporting industry is afforded by British agriculture. The fact that the English farmer has always been able to hire his labor at practically its bare subsistence, and that, unlike the mill-owner, he is free to exact unlimited hours of work, and is

<sup>1</sup> In these very industries the more skilled branches of work, producing the finer kinds of glass, cutlery, paper, and furniture, in which the men insist on high standard conditions, have usually suffered comparatively little from foreign invasion, in spite of the fact that their old-fashioned unions have retained the Device of Restriction of Numbers, and have thus, as we believe, prevented an expansion of their crafts.

untrammelled by any sanitary requirements, has, we believe, had the worst possible effect on agricultural prosperity. It has, to begin with, deprived the typically rural industry of anything but the residuum of the rural population. For a whole century the cleverest and most energetic boys, the strongest and most enterprising young men, have been drained from the countryside by the superior conditions offered by the industries governed by the Common Rule. It follows that the employer has for generations had very little choice of labor, and practically no chance of securing fresh relays of workers from other occupations. Moreover, though he may reduce wages to a bare subsistence, he can, in the long run, get no more out of the laborers than his wages provide, for it is upon them and their families that he must rely for a continuance of the service. Hence the scanty food and clothing, long hours, and insanitary housing accommodation of the rural population produce slow, lethargic, and unintelligent labor: the low Standard of Life is, as we have mentioned, accompanied by a low Standard of Work. What is no less important, the employers have, of all classes, troubled least about making inventions or improving their processes. If a farmer cannot make both ends meet, his remedy is to get a reduction of rent. The very fact that an agricultural tenant, unlike a mine owner or a cotton manufacturer, is not held rigidly to his bargain with his landlord, and is frequently excused a part of his rent in unprofitable years, prevents that vigorous weeding out of the less efficient, and that constant supersession of the unfit, which is one of the main factors of the efficiency of Lancashire. It is therefore not surprising that, in a century of unparalleled technical improvement in almost every productive process, the methods of agriculture have, we believe, changed less than those of any other occupation. In the rivalry between trades it has steadily lost ground, securing for itself an ever-dwindling proportion of the nation's capital, and losing constantly more and more of the pick of the population that it nourishes. In the stress of international competition it has gone increas-



ingly to the wall, and far from being selected, like such highly regulated trades as coal mining or engineering, for the supply of the world market, it finds itself losing more and more even of the home trade ; not to any specially favored one among its rivals, but to all of them ; not alone in wheat-growing, but in every other branch of its operations. There are, of course, other causes for the decline of English farming, and we are far from pretending to offer a complete explanation of its relatively backward condition, as compared, say, with shipbuilding or machine-making. But the country gentlemen of 1833-1847, who so willingly imposed the Factory Acts on the millowners, and so vehemently objected to any analogous regulations being applied to agriculture, would possibly not have been so eager to support Lord Shaftesbury if they had understood clearly the economic effects of these Common Rules.<sup>1</sup>

<sup>1</sup> Even within a trade the districts in which the Common Rule is rigidly enforced will often outstrip those lacking this stimulus to improvement. Thus, in cotton-spinning Glasgow once rivalled Lancashire, and for the first third of the present century the two districts did not appreciably differ in the extent of their regulation. During the last sixty years the growth of Trade Unionism in Lancashire has led to a constant elaboration, raising, and ever more stringent enforcement of the Common Rules by which the industry is governed. In Glasgow, on the other hand, the operatives' violence and the employers' autocratic behaviour led to serious outbreaks of crime between 1830 and 1837, followed by drastic repression and the entire collapse of Trade Unionism in the textile industry. From 1838 down to the present day the Glasgow cotton manufacturers have, so far as Trade Unionism is concerned, been practically free to hire their labor as cheaply as they pleased, whilst, owing to the lack of organisation, even the Common Rules of the Factory Acts have, until the last few years, been far less rigidly enforced than in Lancashire. It is at least an interesting coincidence that during this period, whilst other manufacturing industries have enormously progressed, Glasgow cotton-spinning has steadily declined in efficiency. A lower grade of labor is now employed, much of it paid only the barest subsistence wage ; the speed of working and output per operative have failed to increase ; improvements in machinery have been tardily and inadequately adopted ; and no new mills have recently been erected. Only a few establishments now remain out of what was once a flourishing industry, and it is doubtful whether all of these will long survive.

Cloth manufacture supplies a similar example. The cloth mills of the West of England have enjoyed the advantage of inherited tradition, and a world-wide reputation for excellence of quality. Since the very beginning of the century the industry has been entirely free from Trade Unionism. Wages have been exceedingly low, and the Factory Inspector has certainly never been instigated to any particular activity. Water-power is abundant and coal cheap, whilst canals and

Unfortunately, the triumphant progress of the regulated trades, as compared with the unregulated but self-supporting industries, does not complete the picture of our industrial life. In the crowded slums of the great cities, in the far out-stretching suburbs and industrial villages which are transforming so much of Great Britain into cross-cutting chains of houses, there are constantly springing up all sorts and conditions of mushroom manufactures—the innumerable articles of wearing apparel, cheap boots and slippers, walking-sticks and umbrellas, mineral waters and sweetstuffs, the lower grades of furniture and household requisites, bags and boxes, toys and knick-knacks of every kind—in short, a thousand miscellaneous trades, none of which can be compared in permanence or extent with any one of our staple industries, but which in the aggregate absorb a considerable proportion of the custom, capital, and organising capacity of the nation. This is the special field of the “small master,” driven perpetually to buy his material on credit and to sell his product to meet the necessities of the hour; of the speculative trader commanding capital but untrained in the technological details of any mechanical industry; of armies of working sub-contractors, forced by the pressure of competition and the absence of regulation to grind the faces of the poor; and, on the other hand, of the millions of unorganised workers, men, women, and children, who, from lack of opportunity, lack of strength, or lack of technical training, find themselves unable to escape from districts or trades in which the absence of regulation drives them to accept wages and conditions inconsistent with industrial efficiency. We are here in a region seemingly apart from the world of the Great Industry to which our country owes its industrial predominance. These

railways make both Bristol and London accessible. Yet the cloth manufacturers of Gloucestershire, Somersetshire, and Wiltshire have throughout been steadily losing ground before those of Yorkshire and Lancashire. This decline was expressly attributed by one of the most enterprising of them to the lack of stimulus to improvement, manifest alike among the foremen and the employers. Whether our informant would have consciously welcomed the quickening of Functional Adaptation and Selection of the Fittest, brought about by the Common Rules of a strong Trade Union is, however, doubtful!

“sweated trades” seldom enter into direct competition with the highly-organised and self-supporting staple industries. What happens is that one form of parasitism dogs the steps of the other—the wholesale trader or sub-contractor using up relays of deteriorating outworkers, underbids the factory-owner resorting to the subsidised labor of respectable young women. It is refreshing to notice that when one of these sweated trades does get partially caught up into the factory system, and thus comes under Common Rules with regard to Hours of Labor and Sanitation, the factories, even when they pay little more than pocket-money wages to their women operatives, draw slowly ahead of their more disastrously parasitic rivals.<sup>1</sup> But this very competition of subsidised factory labor with deteriorating outworkers makes things worse for these latter. To what depth of misery and degradation the higgling of the market may reduce the denizens of the slums of our great cities is unsounded by the older economists’ pedantic phrase of “subsistence level.” Unfortunately the harm that the sweater does lives after him. Men and women who have, for any length of time, been reduced, to quote the House of Lords’ Committee, to “earnings barely sufficient to sustain existence; hours of labor such as to make the lives of the workers periods of almost ceaseless toil, hard and unlovely to the last degree; sanitary conditions injurious to the health of the persons employed and dangerous to the public,”<sup>2</sup> become incapable of profitable labor. What they can do is to compete fitfully for the places which they cannot permanently fill, and thus not only drag down the wages of all other unregulated labor, but also contribute, by their irregularity of conduct and incapacity for persistent effort, to the dislocation of the machinery of production. But this is not all. No one who has not himself lived among the poor in London or Glasgow, Liverpool or Manchester,

<sup>1</sup> In the slop clothing trade, the factories at Leeds and elsewhere, employing girls and women at extremely low wages, but under good sanitary conditions and fixed hours, are steadily increasing.

<sup>2</sup> *Final Report of the Select Committee of the House of Lords on the Sweating System*, 1890.

can form any adequate idea of the unseen and unmeasured injury to national character wrought by the social contamination to which this misery inevitably leads. One degraded or ill-conducted worker will demoralise a family; one disorderly family inexplicably lowers the conduct of a whole street; the low-caste life of a single street spreads its evil influence over the entire quarter; and the slum quarter, connected with the others by a thousand unnoticed threads of human intercourse, subtly deteriorates the standard of health, morality, and public spirit of the whole city. Thus though the morass does not actually gain on the portion of the nation's life already embanked by the Common Rule, we see it perpetuating itself, and, with the growth of population, even positively increasing in area.<sup>1</sup>

(e) *The National Minimum*

Though Trade Unionism affords no means of putting down industrial parasitism by sectional action, the analysis of the economic effects of the Device of the Common Rule points the way to the solution of the problem. Within a trade, in the absence of any Common Rule, competition between firms leads, as we have seen, to the adoption of practices by which the whole industry is deteriorated. The

<sup>1</sup> Whilst the proportion of those who fall below the level of healthy subsistence has no doubt greatly decreased in the sixty years 1837-1897, there is good reason to believe that their actual number is at least as large as at any previous date. † It may even be larger. See *Labor in the Longest Reign*, by Sidney Webb (London, 1897). How extensive is the area occupied by low-paid occupations may be inferred from Mr. Charles Booth's careful summary of his researches into the economic condition of London's  $4\frac{1}{2}$  millions. "The result of all our inquiries make it reasonably sure that *one-third of the population are on or about the line of poverty or are below it*, having at most an income which, one time with another, averages twenty-one shillings or twenty-two shillings for a small family (or up to twenty-five or twenty-six shillings for one of larger size), and in many cases falling much below this level. There may be another third who have perhaps ten shillings more, or taking the year round, from twenty-five to thirty-five shillings a week, among whom would be counted, in addition to wage-earners, many retail tradesmen and small masters; and the last third would include those who are better off."—*Life and Labour of the People*, vol. ix. p. 427.



enforcement of a common minimum standard throughout the trade not only stops the degradation, but in every way conduces to industrial efficiency. Within a community, too, in the absence of regulation, the competition between trades tends to the creation and persistence in certain occupations of conditions of employment injurious to the nation as a whole. The remedy is to extend the conception of the Common Rule from the trade to the whole community, and by prescribing a National Minimum, absolutely to prevent any industry being carried on under conditions detrimental to the public welfare.<sup>1</sup>

This is, at bottom, the policy of factory legislation, now adopted by every industrial country. But this policy of prescribing minimum conditions, below which no employer is allowed to drive even his most necessitous operatives, has yet been only imperfectly carried out. Factory legislation applies, usually, only to sanitary conditions and, as regards particular classes, to the hours of labor. Even within this limited sphere it is everywhere unsystematic and lop-sided. When any European statesman makes up his mind to grapple seriously with the problem of the "sweated trades" he will have to expand the Factory Acts of his country into a systematic and comprehensive Labor Code, prescribing the minimum conditions under which the community can afford to allow industry to be carried on; and including not merely definite precautions of sanitation and safety, and maximum hours of toil, but also a minimum of weekly earnings. We do not wish to enter here upon the complicated issues of industrial politics in each country, nor to

<sup>1</sup> The majority of English statesmen are convinced that France and Germany in giving bounties out of the taxes to the manufacturers of sugar, are impoverishing their respective communities, to the advantage of the consumers—often the foreign consumers—of the sugar. Yet the cost to France and Germany of this policy is merely a definite annual sum, equivalent to the destruction of an iron-clad or two. If we allow an industry to grow up, which habitually takes more out of its workers than the wages and other conditions of employment enable them to repair,—still more, if the effect of the employment is to deteriorate both character and physique of successive relays of operatives, who are flung eventually on the human rubbish-heap of charity or the Poor Law—is not the nation paying to that industry a bounty far more serious in its cost than any money grant?

discuss the practical difficulties and political obstacles which everywhere impede the reform and extension of the factory laws. But to complete our economic analysis we must consider what developments of the Trade Union Method of Legal Enactment would be implied by a systematic application of the conception of a National Minimum, and how this might be expected to affect the evils that we have described.

One of the most obvious forms of industrial parasitism is the employment of child-labor. The early textile manufacturer found that it paid best to run his mill almost exclusively by young children, whom he employed without regard to what was to become of them when they grew too big to creep under his machines, and when they required more wages than his labor bill allowed. The resulting degeneracy of the manufacturing population became so apparent that Parliament, in spite of all its prepossessions, was driven to interfere. The Yorkshire Woollen Workers were seeking, like the Flint Glass Makers of to-day, to meet the case by reviving the old period of educational servitude. The Calico-printers were aiming, like the National Union of Boot and Shoe Operatives before Lord James, at a simple limitation of the number of boys to be employed.<sup>1</sup> Neither of these expedients was considered practicable. An alternative remedy was found in prohibiting the manufacturer from

<sup>1</sup> *Minutes of Evidence and Report of the Committee on the Petition of the Journeymen Calico-printers*, 4th July 1804, 17th July 1806; *Hansard's Parliamentary Debates*, vol. ix. pp. 534-538; *History of Trade Unionism*, p. 50. Our analysis of the economic competition between trades enables us to see that no merely sectional measure would be of use against an illegitimate use of boy-labor. For it is not only the adult workers of the particular trade who are injured. In the competition of trade with trade, whether for home or foreign markets, the illegitimate expansion of a bounty-fed industry necessarily implies a relative contraction of other and possibly quite unrelated trades. It is therefore not only, and perhaps not even principally, the adult boot and shoe operatives who are injured by the undue multiplication of boys in the great boot factories; such trades as the Flint Glass Makers, who succeed in rigidly limiting their own apprentices, and agriculture, which receives the residuum of boys, probably suffer equally, though in a more indirect way, from the fact that the boot and shoe trade receives this subsidy in aid of its own export trade, and thus encourages an increase of foreign imports which happen to come in the form of German glass and American food stuffs.

employing children below a certain age, and requiring him to see that, up to a farther period, they spent half their days at school. The Factory Acts have, as regards children, long since won their way to universal approval, not merely on humanitarian grounds, but as positively conducive to the industrial efficiency of the community. There is, however, still much to be done before the "Children's Charter" can be said effectually to prevent all parasitic use of child-labor. Though children may not be employed in factories until eleven years of age, nor full time until they are thirteen or fourteen, they are allowed to work at other occupations at earlier ages. "In certain districts of England and Wales, if a child of ten has obtained a certificate of previous due attendance [at school] for five years, he may be employed elsewhere than in a factory, workshop, or mine without any farther educational test or condition, *and without any restriction as to the number of hours.*"<sup>1</sup> Even if the law with regard to the employment of children in factories were made uniformly applicable to all occupations in all parts of the United Kingdom, the present limits of age are obviously inadequate to prevent parasitism. England has, in this respect, lost its honorable lead in protective legislation, and we ought at once to raise the age at which any boy or girl may enter industrial life to the fourteen years already adopted by the Swiss federal code,<sup>2</sup> if not to the fifteen years now in force in Geneva, and eventually to the sixteen years demanded by the International Socialist and Trade Union Congress of 1896. It is, however, in an extension of the half-time system that we are likely to find the most effective check on child-labor. We have already seen reason to believe that the only way in which proper technical training can now be secured for the great mass of the people

<sup>1</sup> *Report of Departmental Committee appointed to Inquire into the Conditions of School Attendance and Child-Labor*, H. C. No. 311 of 1893, p. 25. In Ireland school attendance is compulsory only in the towns, and hence children of any age may lawfully be employed in the country districts for any number of hours, night or day, otherwise than in factories, workshops, or mines.

<sup>2</sup> Swiss Federal Factory Law of 23rd March 1877.

is by their deliberate instruction in educational institutions. Such instruction can never be thoroughly utilised so long as the youth has to perform a full and exhausting day's work at the factory or the mine. There is much to be said, both from an educational and from a purely commercial point of view, for such a gradual extension of the half-time system as would put off until eighteen the working of full factory hours, in order to allow of a compulsory attendance at the technical school and the continuation classes. Any such proposal would, at present, meet with great opposition from parents objecting to be deprived of their children's earnings. Some of the more thoughtful Trade Unionists are, however, beginning to see that such a development of the half-time system, whilst affording the only practical substitute for the apprenticeship training, would have the incidental advantage of placing, in the most legitimate way, an effective check on any excessive use of boy-labor by the employers.<sup>1</sup> With the contraction of the supply the rate of boy's wages would rise, so that little less might even be earned for the half day than formerly for full time. Boy-labor, therefore, would become less profitable to the employers, and would tend to be used by them only for its legitimate purpose of training up a new generation of adult workmen.<sup>2</sup> To prevent parasitism, in short, we must regard the boy or girl, not as an

<sup>1</sup> See, for instance, the *Report of the Trade Unionist Minority of the Royal Commission on Labor*, in C. 7421, 1894. A somewhat analogous arrangement is already in force in Neuchâtel, under its Apprenticeship Law of 1891, and in some other Swiss cantons.

<sup>2</sup> It might even become necessary for the community to pay a premium for the proper technical education of boys in trades in which employers preferred altogether to dispense with them. Under private enterprise it requires a certain foresight and permanence of interest for individual employers to have any regard for the rearing up of new generations of skilled operatives. Thus, whilst some of the best shipbuilding establishments in the North of England bestow considerable attention on their apprentices, the rule in the Midland boot and shoe factories is, as we have seen, to teach the boys practically nothing, and the London builders have left off employing boys at all. It was found that, in 1895, 41 typical London firms in various branches of the building trades, employing 12,000 journeymen, had only 80 apprentices and 143 other "learners" in their establishments. (See the report of an inquiry into apprenticeship in the London building trades conducted by the Technical Education Board, published in the *London Technical Education Gazette*, October 1895.)



independent wealth-producer to be satisfied by a daily subsistence, but as the future citizen and parent, for whom, up to twenty-one, proper conditions of growth and education are of paramount importance. Hence the Policy of a National Minimum—the prohibition of all such conditions of employment as are inconsistent with the maintenance of the workers in a state of efficiency as producers and citizens—means, in the case of a child or a youth, the requirement not merely of daily subsistence and pocket-money, but also of such conditions of nurture as will ensure the continuous provision, generation after generation, of healthy and efficient adults.

In the case of adults, parasitism takes the form, if we may cite once more the unimpeachable testimony of the House of Lords, of “earnings barely sufficient to sustain existence; hours of labor such as to make the lives of the workers periods of almost ceaseless toil, hard and unlovely to the last degree; sanitary conditions injurious to the health of the persons employed and dangerous to the public.”<sup>1</sup> Each of these points requires separate consideration.

With regard to sanitation, the law of the United Kingdom already professes to secure to every manufacturing operative, whether employed in a factory or a workshop, and whether man or woman, reasonably healthy conditions of employment. In addition to the general requirements of the Public Health Acts, the employer has put upon him, by the Factory Acts, as a condition of being allowed to carry on his industry, the obligation of providing and maintaining whatever is necessary for the sanitation and safety of all the persons whom he employs whilst they are at work on his premises. If the industry is one by its very nature unhealthy, the employer is required to take the technical precautions deemed necessary by the scientific experts, and prescribed by special rules for each occupation. So far the Policy of a National Minimum of Sanitation would seem to be already embodied

<sup>1</sup> *Final Report of the Select Committee of the House of Lords on the Sweating System*, 1890.

in English law. But appearances are deceptive. Whole classes of industrial wage-earners find themselves entirely outside the Factory Acts, whilst even of those who are nominally included, large sections are, in one way or another, deprived of any real protection. Hence, far from securing a National Minimum of Sanitation and Safety to every one, the law is at present only brought effectively into force to protect the conditions of employment of the strongest sections of the wage-earners, notably the Coalminers and the Cotton Operatives, whilst the weakest sections of all, notably the outworkers of the "sweated trades," remain as much oppressed in the way of sanitation as they are in hours of labor and wages. If it is desired to carry out the Policy of a National Minimum on this point, Parliament will have to make all employers, whether factory-owners, small workshop masters, or traders giving out material to be made up elsewhere, equally responsible for the sanitary conditions under which their work is done.<sup>1</sup>

When we turn from sanitation to the equally indispensable conditions of leisure and rest, English factory legislation is still more imperfect. It has for fifty years been accepted that it is against public policy for women to be kept to manual labor for more than sixty hours a week, and this principle is supposed to be embodied in the law. But here again, the most oppressed classes—the women working day and night for the wholesale clothiers, or kept standing all day long behind the counter of a shop or the bar of a public-house—who are absolutely excluded from the scope of the law. Even where the law applies, it applies least thoroughly in the most helpless trades. We have already described

<sup>1</sup> A beginning has been made by the sections of the Factory Acts of 1891 and 1895 imposing upon persons giving out work to be done elsewhere than on their own premises certain obligations with regard to the sanitary conditions of their outworkers. In their present form, however, these sections are admittedly unworkable, and no serious effort has yet been made to cope with the evils revealed by the House of Lords' Committee on the Sweating System in 1890. See *Sweating, its Cause and Remedy* (Fabian Tract, No. 50), *How to do away with the Sweating System*, by Beatrice Potter (Mrs. Sidney Webb) (Co-operative Union pamphlet), and the *Trade Unionist Minority Report of the Royal Commission on Labor*, in C. 7421, 1894.

how, in all non-textile industries, the overtime provisions destroy the efficacy of the Factory Act,<sup>1</sup> and, in such cases as laundry-workers and dressmakers in small shops, render it practically of no avail. It is one more instance of the irony of English labor legislation that the women in the textile mills have alone secured a really effective limitation of their hours of labor, and this as low as  $56\frac{1}{2}$  hours a week, in spite of the fact that they are, of all women workers, the least helpless and, as a class, the best off. And when we pass from women to men, the statute book with regard to the hours of labor is at present a blank, relieved only by the tentative provisions of the Railway Regulation Act of 1893. Before we can be said to have established a National Minimum of leisure and rest, the provisions of the Factory Acts with regard to textile factories will have to be made applicable, with the special modifications appropriate to each particular occupation, to all manual workers whatsoever.

But sanitation and leisure do not, of themselves, maintain the nation's workers in health and efficiency, or prevent industrial parasitism. Just as it is against public policy to allow an employer to engage a woman to work excessive hours or under insanitary conditions, so it is equally against public policy to permit him to engage her for wages insufficient to provide the food and shelter, without which she cannot continue in health. Once we begin to prescribe the minimum conditions under which an employer should be permitted to open a factory, there is no logical distinction to be drawn between the several clauses of the wage contract. From the point of view of the employer, one way of increasing the cost of production is the same as another, whilst to the economist and the statesman, concerned with the permanent efficiency of industry and the maintenance of national health, adequate food is at least as important as reasonable hours or good drainage. To be completely effectual, the Policy of the National Minimum will, therefore, have to be applied to wages.

<sup>1</sup> See a preceding chapter on "The Normal Day."

The proposition of a National Minimum of wages—the enactment of a definite sum of earnings per week below which no employer should be allowed to hire any worker—has not yet been put forward by any considerable section of Trade Unionists, nor taken into consideration by any Home Secretary. This reluctance to pass to the obvious completion of the policy of factory legislation, at once logical and practical, arises, we think, from a shrinking, both on the part of workmen and employers, from having all wages fixed by law. But this is quite a different proposition. The fixing of a National Maximum of Sanitation has not prevented the erection in our great industrial centres of workplaces which, compared with the minimum prescribed by the law, are palatial in their provision of light, air, cubic space, warmth, and sanitary accommodation. And a National Minimum of leisure and rest, fixed, for instance, at the textile standard of  $56\frac{1}{2}$  hours' work a week, would in no way interfere with the Northumberland Coalminers maintaining their 37 hours' week, or the London Engineers bargaining for a 48 hours' week. There is even less reason why, with regard to wages, the enactment of a National Minimum should interfere with the higher rates actually existing, or in future obtained, in the tens of thousands of distinct occupations throughout the country. The fact that the Committees of the London County Council are precluded, by its Standing Orders, from employing any workman at less than 24s. a week, does not prevent their engaging workmen at all sorts of higher rates, according to agreement. And if the House of Commons were to replace its present platonic declaration against the evils of sweating by an effective minimum, the superintendents of the various Government departments would still go on paying their higher rates to all but the lowest grade of workmen.

The object of the National Minimum being to secure the community against the evils of industrial parasitism, the minimum wage for a man or a woman respectively would be determined by practical inquiry as to the cost of the food,



clothing, and shelter physiologically necessary, according to national habit and custom, to prevent bodily deterioration. Such a minimum would therefore be low, and though its establishment would be welcomed as a boon by the unskilled workers in the unregulated trades, it would not at all correspond with the conception of a "Living Wage" formed by the Cotton Operatives or the Coalminers. It would be a matter for careful consideration what relation the National Minimum for adult men should bear to that for adult women; what differences, if any, should be made between town and country; and whether the standard should be fixed by national authority (like the hours of labor for young persons and women), or by local authority (like the educational qualification for child-labor). To those not practically acquainted with the organisation of English industry and Government administration, the idea will seem impracticable. But, as a matter of fact, the authoritative settlement of a minimum wage is already daily undertaken. Every local governing body throughout the country has to decide under the criticism of public opinion what wage it will pay to its lowest grade of laborers. It can hire them at any price, even at a shilling a day; but what happens in practice is that the officer in charge fixes such a wage as he believes he can permanently get good enough work for. In the same way the national Government, which is by far the largest employer of labor in the country, does not take the cheapest laborers it can get, at the lowest price for which they will offer themselves, but deliberately settles its own minimum wage for each department. During the last few years this systematic determination of the rate to be paid for Government labor, which must have existed since the days of Pepys, has been more and more consciously based upon what we have called the Doctrine of a Living Wage. Thus the Admiralty is now constantly taking evidence, either through the Labor Department or through its own officials, as to the cost of living in different localities, so as to adjust its laborers' wages to the expense of their subsistence. And in our

local governing bodies we see the committees, under the pressure of public opinion, every day substituting a deliberately settled minimum for the haphazard decisions of the officials of the several departments.<sup>1</sup> What is not so generally recognised is that exactly the same change is taking place in private enterprise. The great captains of industry, interested in the permanent efficiency of their establishments, have long adopted the practice of deliberately fixing the minimum wage to be paid to the lowest class of unskilled laborers, according to their own view of what the laborers can live on, instead of letting out their work to sub-contractors, whose only object is to exact the utmost exertion for the lowest price. A railway company never dreams of putting its situations out to tender, and engaging the man who offers to come at the lowest wage: what happens is that the rate of pay of porters and shunters is deliberately fixed in advance. And it is a marked feature of the last ten years that the settlement of this minimum has been, in some of the greatest industries, taken out of the hands of the individual employer, and arrived at by an arbitrator. The assumption that the wages of the lowest grade of labor must at any rate be enough to maintain the laborer in industrial efficiency is, in fact, accepted by both parties, so that the task of the arbitrator is comparatively easy. Lord James, for instance, has lately fixed, with universal acceptance, a minimum wage for all the lowlier grades of labor employed

<sup>1</sup> An interesting survey of the steps taken to secure the payment of the Standard Rate to persons working for public authorities in France, the United Kingdom, Belgium, Holland, Italy, and Switzerland, is given by Auguste Keufer in his *Rapport tendant à rechercher les moyens de parer aux funestes conséquences du système actuel des adjudications* (Paris, 1896, 48 pp.). See also Louis Katzenstein, *Die Lohnfrage unter dem Englischen Submissionswesen* (Berlin, 1896); the important *Enquête* of the Communal Council of Brussels into the effect of fixing and of not fixing the rates of wages payable in public contract works, 2 vols. (Brussels, 1896); and the *Report of the House of Commons' Committee on the Conditions of Government Contracts* (H. C. 334), July 1897.

In order to put a stop to the practice of engaging learners or improvers without any salary whatsoever, the Victorian Factories and Shops Act of 1896 (No. 1445) enacts (sec. 16) that "no person whatsoever, unless in receipt of a weekly wage of at least two shillings and sixpence, shall be employed in any factory or workroom."

by the North Eastern Railway Company.<sup>1</sup> Indeed, the fixing of a minimum wage on physiological grounds is a less complicated matter, and one demanding less technological knowledge than the fixing of a minimum of sanitation ; and it interferes far less with the day-by-day management of industry, or its productivity, than any fixing of the hours of labor, whether of women or men. To put it concretely, if Colonel Dyer (of Armstrong's) and Mr. Livesey (of the South Metropolitan Gas Works) could for a moment rid themselves of their metaphysical horror of any legal regulation of wages, they would admit that the elaborate Factory Act requirements in the way of Sanitation and Safety, and any limitation of the Hours of Labor, constitute a far greater impediment to their management of their own business in the way they think best than would any National Minimum of wages for the lowest grade of labor. As a matter of fact, what would happen would be the adoption, as the National Minimum, of the wages actually paid by the better establishments, who would accordingly be affected only to the extent of finding their competitors put on the same level as themselves.<sup>2</sup>

More formidable than any *à priori* objection to the National Minimum on the part of employers who would really be unaffected by it, would be the vehement obstruction that any such proposal would meet with from the profit-

<sup>1</sup> See his award in the *Labour Gazette* for August 1897.

<sup>2</sup> We desire to emphasise the point that, whatever political objections there may be to the fixing by law of a National Minimum Wage, and whatever practical difficulties there may be in carrying it out, the proposal, *from the point of view of abstract economics*, is open to no more objection than the fixing by law of a National Minimum of Sanitation, or a National Minimum of Leisure, both of which are, in principle, embodied in our factory legislation. Indeed, a minimum wage, since it could in no way interfere with the fullest use of machinery and plant, or otherwise check productivity, would seem to be even less open to economic criticism than a limitation of the hours of labor.

It must not be supposed that the National Minimum of wages would necessarily involve payment by time. There would be no objection to its taking the form of Standard Piecework Lists, provided that these were combined, as they always are in efficient Trade Unions, with a guarantee that, so long as an operative is in the employer's service, he must be provided each week with sufficient work at the Standard Piece Rate to make up the minimum weekly earnings, or be paid for his time.

makers in the parasitic trades. This obstruction would inevitably concentrate itself into two main arguments. They would assert that if they had to give decent conditions to every person they employed, their trade would at once become unprofitable, and would either cease to exist, or be driven out of the country. And, quite apart from this shrinking of the area of employment, what, they would ask, would become of the feeble and inefficient, the infirm and the aged, the "workers without a character," or the "poor widows," who now pick up some kind (that is, some part) of a livelihood, and who would inevitably be not worth employing at all if they had to be paid the National Minimum wage?

The enactment of a National Minimum would by no means necessarily involve the destruction of the trades at present carried on by parasitic labor. When any particular way of carrying on an industry is favored by a bounty or subsidy, this way will almost certainly be chosen, to the exclusion of other methods of conducting the business. If the subsidy is withdrawn, it often happens that the industry falls back on another process which, less immediately profitable to the capitalists than the bounty-fed method, proves positively more advantageous to the industry in the long run. This result, familiar to the Free Trader, is even more probable when the bounty or subsidy takes the form, not of a protective tariff, an exemption from taxation, or a direct money grant, but the privilege of exacting from the manual workers more labor-force than is replaced by the wages and other conditions of employment. The existence of negro slavery in the Southern States of America made, while it lasted, any other method of carrying on industry economically impossible; but it was not really an economic advantage to cotton-growing. The "white slavery" of the early factory system stood, so long as it was permitted, in the way of any manufacturer adopting more humane conditions of employment; but when the Lancashire millowners had these more humane conditions forced upon them, they were discovered



to be more profitable than those which unlimited freedom of competition had dictated. There is much reason to believe that the low wages to which, in the unregulated trades, the stream of competitive pressure forces employers and operatives alike, are not in themselves any more economically advantageous to the industry than the long hours and absence of sanitary precautions were to the early cotton mills of Lancashire. To put it plumply, if the employers paid more, the labor would quickly be worth more. In so far as this proved to be the case, the National Minimum would have raised the Standard of Life without loss of work, without cost to the employer, and without disadvantage to the community. Moreover, the mere fact that employers are at present paying lower wages than the proposed minimum is no proof that the labor is not "worth" more to them and to the customers; for the wages of the lowest grade of labor are fixed, not by the worth of the individual laborer, but largely by the necessities of the marginal man. It may well be that, rather than go without the particular commodity produced, the community would willingly pay more for it. Nevertheless, so long as the wage-earner can be squeezed down to a subsistence or, more correctly, a parasitic wage, the pressure of competition will compel the employer so to squeeze him, whether the consumer desires it or not.

It may, however, be admitted that a prohibition of parasitism would have the effect of restricting certain industries. The ablest, best-equipped, and best situated employers would find themselves able to go on under the new conditions, and would even profit by the change. The firms just struggling on the margin would probably go under. It might even happen that particular branches of the sweated trades would fall into the hands of other countries. If the French Government withdrew its present bounties on the production of sugar, some French establishments would certainly be shut up, and the total exports of French sugar, other things remaining equal,

would be diminished. But all economists will agree that the mere keeping alive a trade by a bounty, whatever other advantages it may be supposed to have, does not, of itself, increase the aggregate trade of the country, or the area of employment. What the bounty does is to divert to sugar production capital and labor which would otherwise have been devoted to the production of other articles, presumably to greater profit, for otherwise the bounty would not have been required. When the bounty is withdrawn this diversion ceases, and the available capital and labor is re-distributed over the nation's industry in the more profitable way. And if it be replied that there will be no demand for these other articles, the answer is clear. If the bounty-fed sugar ceases to be exported, the commodities given in exchange for it cease to be imported, and have to be produced at home. The capital and labor which formerly produced sugar is now free to produce the commodities which were formerly obtained by the export of the sugar. In short, the aggregate product remaining the same, the aggregate demand cannot be lessened, for they are but different aspects of one and the same thing.

Exactly the same reasoning holds good with regard to what we have called the parasitic trades. Assuming that the employers in these trades have hitherto been getting more labor-force than their wages have been replacing, any effective enforcement of a National Minimum of conditions of employment would be equivalent to a simple withdrawal of a bounty. We should, therefore, expect to see a shrinkage in these trades. But there would be at least a corresponding expansion in others. Let us, for instance, imagine that the wholesale clothiers are compelled to give decent conditions to all their outworkers. It may be that this will cause a rise in the cost of production of certain lines of clothing. This will certainly diminish their export sales, and might even close particular markets altogether. This check to our export trade will have one of two results. If our imports go on undiminished, the aggregate of our

exports must, to meet our foreign indebtedness, be made up somehow, and international demand will cause other branches of our export trade to expand. Hence the result of destroying parasitism in the wholesale clothing trade would, on this hypothesis, be to cause a positive increase in the exports, and thus in the number of producers, of such things as textiles, machinery, or coal. But it may be urged that the slackening of the wholesale clothing trade would cause our imports to fall off. In that case there would at last be a gleam of hope for the poor English farmer, whose sales would expand to meet the demand formerly satisfied by foreign food stuffs. Hence it follows that, whatever new distribution of the nation's industry might be produced by the prohibition of parasitism, there is no ground for fearing that the aggregate production, and therefore either the aggregate demand or the total area of employment, would be in any way diminished.<sup>1</sup>

<sup>1</sup> It may be interesting to follow out this argument to its logical conclusion. Let us assume a country in which all trades whatsoever are parasitic—that is to say, where every manual worker is working under conditions which do not suffice to keep him permanently in industrial efficiency. In this case an enforcement of a National Minimum would necessarily raise the expenses of production to the capitalist employer (though not the actual labor cost) of all the commodities produced. The economist would nevertheless advise the adoption of the policy. It would be of vital importance, in the economic interests of the community as a whole, to stop the social degradation and industrial deterioration implied by the universal parasitism. The increased cost of production, due to the stoppage of this drawing on the future, would cause a general rise in prices. It is often assumed that such a rise would counteract the advantages of the higher wages. Mr. Herbert Spencer, in the concluding volume of his *Synthetic Philosophy*, naively makes this his one economic objection to Trade Unionism. "If," he says, "wages are forced up, the price of the article produced must presently be forced up. What then happens if, as now, Trade Unions are established among the workers in nearly all occupations, and if these unions severally succeed in making wages higher? All the various articles they are occupied in making must be raised in price; and each trade unionist, while so much the more in pocket by advanced wages, is so much the more out of pocket by having to buy things at advanced rates" (*Industrial Institutions*, London, 1896, p. 536). But this is to assume that the wage-earners purchase as consumers the whole of the commodities and services which they produce. We need not remind the reader that this is untrue. In the United Kingdom, for instance, though the wage-earners number four-fifths of the population, they consume—to take the highest estimate—only between one-third and two-fifths of the annual aggregate of products and services, the remainder being enjoyed by the propertied classes and the brain-workers. Even if a general rise in wages, amounting to say fifty

The question then arises what effect the prohibition of parasitism would have on the individuals at present working in the sweated trades. We need not dwell on the inevitable personal hardships incidental to any shifting of industry or change of process. Any deliberate improvement

millions sterling, produced a general rise in prices to the extent of fifty millions sterling, spread equally over all products, it could not be said that the wage-earners as a class would have to bear on their own purchases more than one-third to two-fifths of this additional price. If the rise in price was not spread equally over all commodities and services, but occurred only in those consumed by the other classes, the rise in wages would have been a net gain to the wage-earners. Only in the impossible case of the rise occurring exclusively in the commodities consumed by the wage-earning classes—these commodities being, as we have seen, only one-third to two-fifths of the whole—would that class find its action in raising wages nullified in the simple manner that Mr. Spencer imagines. Hence it is, that even if a rise in the Standard of Life of the whole wage-earning class produces an equivalent general rise in the price of commodities, the result must nevertheless be a net gain to the wage-earners. This process might, theoretically, be carried very far, the ultimate sufferers being the non-working recipients of rent and interest, whose incomes, nominally unimpaired, would purchase progressively less of the annual product. Practically, however, any indefinite rise of wages would be limited by the impossibility of inducing the community of citizen-consumers to sanction, in the interests of the lowliest sections, anything in the way of a legal minimum wage—involving, as this would, a mulcting of the vast majority of the better-off purchasers—which did not commend itself to this majority as being necessary to the public welfare.

Nor can it be inferred that any such general rise in the price of labor, even if it caused a general rise in the price of commodities, would adversely affect the nation's foreign trade. A rise in the price of any one commodity has, almost invariably, an immediate effect upon the volume of the import or export trade *in that commodity*. But if the rise in prices is general and uniform in all the commodities of the community, the aggregate volume of the exports of that community will not be diminished merely by reason of the rise. It is a truism, not only of the academic economists, but also of the practical financiers of all nations, that the imports of our country (together with any other foreign indebtedness) must, on an average of years, be paid for by our exports, taking into account any other obligations of foreigners to us. Any general increase in the cost of labor, such as a rise in the Standard of Life, a general advance of factory legislation, or a universal Eight Hours' Day, if we may assume for the sake of argument that this results in a *uniform* rise of prices, would leave our annual indebtedness to foreign countries undiminished, even if it did not increase it by temporarily stimulating imports. Hence it is inferred with certainty that a merely general and uniform rise in prices in one country will not prevent goods to the same aggregate value as before from being exported to discharge that indebtedness. To put it shortly, the mere fact that the manual laborers receive a larger proportion, and the directors of industry or capitalists a smaller proportion of the aggregate product, has no influence on the total volume, or the profitableness to the nation, of its international trade. See Appendix II., in which this question is fully dealt with.



in the distribution of the nation's industry ought, therefore, to be brought about gradually, and with equitable consideration of the persons injuriously affected. But there is no need to assume that anything like all those now receiving less than the National Minimum would be displaced by its enactment.

We see, in the first place, that the very levelling up of the standard conditions of sanitation, hours, and wages would, in some directions, positively stimulate the demand for labor. The contraction of the employment of boys and girls, brought about by the needful raising of the age for full and half time respectively, would, in itself, increase the number of situations to be filled by adults. The enforcement of the Normal Day, by stopping the excessive hours of labor now worked by the most necessitous operatives, would tend to increase the number employed. Moreover, the expansion of the self-supporting trades which would, as we have seen, accompany any shrinking of the sweated industries, would automatically absorb the best of the unemployed workers in their own and allied occupations, and would create a new demand for learners. Finally, the abandonment of that irregularity of employment which so disastrously affects the outworkers and the London dock-laborers, would result in the enrolment of a new permanent staff. All these changes would bring into regular work at or above the National Minimum whole classes of operatives, selected from among those now only partially or fitfully employed. Thus, all the most capable and best conducted would certainly obtain regular situations. But this concentration of employment would undoubtedly imply the total exclusion of others who might, in the absence of regulation, have "picked up" some sort of a partial livelihood. In so far as these permanently unemployed consisted merely of children, removed from industrial work to the schoolroom, few would doubt that the change would be wholly advantageous. And there are many who would welcome a re-organisation of industry which, by concentrating employment exclusively among

those in regular attendance, would tend to exclude from wage-labor, and to set free for domestic duties, an ever-increasing proportion of the women having young children to attend to. There would still remain to be considered the remnant who, notwithstanding the increased demand for adult male labor and independent female labor, proved to be incapable of earning the National Minimum in any capacity whatsoever. We should, in fact, be brought face to face with the problem, not of the unemployed, but of the unemployable.

(f) *The Unemployable*

Here we must, once for all, make a distinction of vital importance: we must mark off the Unemployable from the temporarily unemployed. The case of the workman, normally able to earn his own living, who is unemployed merely because there is, for the moment, no work for him to do, stands on an altogether different plane from that of the man who is unemployed because he is at all times incapable of holding a regular situation, and producing a complete maintenance. Periods of unemployment, if only while shifting from job to job, are, in nearly all trades, an inevitable incident in the life of even the most competent and the best conducted workman. To diminish the frequency and duration of these times of enforced idleness, to mitigate the hardships that they cause, and to prevent them from producing permanent degradation of personal character is, as we have seen, one of the foremost objects of Trade Unionism.<sup>1</sup> But this evil, arising mainly from the seasonal or cyclical fluctuations in the volume of employment for the competent, has no relation to the problem of how to deal with the incompetent. So long as these two problems are hopelessly entangled with each other, and habitually regarded as one and the same thing, any scientific treatment of either of them is impossible.

The problem of the Unemployable is not created by the

<sup>1</sup> We recur to this in our next chapter, "Trade Unionism and Democracy."

fixing of a National Minimum by law. The Unemployable we have always with us. With regard to certain sections of the population, this unemployment is not a mark of social disease, but actually of social health. From the standpoint of national efficiency, no less than from that of humanity, it is desirable that the children, the aged, and the child-bearing women should not be compelled by their necessities to earn their own maintenance in the labor market. But in all other cases, incapacity or refusal to produce a livelihood is a symptom of ill-health or disease, physical or mental. With regard to the principal classes of these Unemployable—the sick and the crippled, the idiots and lunatics, the epileptic, the blind and the deaf and dumb, the criminals and the incorrigibly idle, and all who are actually “morally deficient”—the incapacity is the result of individual disease from which no society can expect to be completely free. But we have a third section of the Unemployable, men and women who, without suffering from apparent disease of body or mind, are incapable of steady or continuous application, or who are so deficient in strength, speed, or skill that they are incapable, in the industrial order in which they find themselves, of producing their maintenance at any occupation whatsoever. The two latter sections—the physically or mentally diseased and the constitutionally inefficient—may, in all their several subdivisions, either be increased or diminished in numbers according to the wisdom of our social arrangements. If we desire to reduce these Unemployable to a minimum, it is necessary, as regards each of the subsections, to pursue a twofold policy. We must, on the one hand, arrange our social organisation in such a way that the smallest possible amount of such degeneracy, whether physical or mental, is produced. We must, on the other hand, treat the cases that are produced in such a way as to arrest the progress of the malady, and as far as possible restore the patient to health.<sup>1</sup>

<sup>1</sup> As regards bodily disease, this twofold policy is now prescribed by the Public Health Acts. To maintain a high standard of health, “common rules”

Now, we cannot here enter into the appropriate social regimen and curative treatment best calculated to minimise the production of the Unemployable in each subdivision, and to expedite the recovery of such as are produced. These physical and moral weaklings and degenerates must somehow be maintained at the expense of other persons. They may be provided for from their own property or savings, by charity or from public funds, with or without being set to work in whatever ways are within their capacity. But of all ways of dealing with these unfortunate parasites the most ruinous to the community is to allow them unrestrainedly to compete as wage-earners for situations in the industrial organisation. For this at once prevents competition from resulting in the Selection of the Most Fit, and thus defeats its very object.<sup>1</sup> In the absence of any Common Rule, it will, as we have seen, often pay an employer to select a physical or moral invalid, who offers his services for a parasitic wage, rather than the most efficient workman, who stands out for the conditions necessary for the maintenance of his efficiency. In the same way, a whole industry may batten on parasitic labor, diverting the nation's capital and brains from more productive processes, and undermining the position of its more capable artisans. And where the industrial parasitism takes the form of irregular employment—as, for instance, among the outworkers in all great cities and the London dock-laborers—its effect is actually to extend the area of the disease. The sum of employment given would suffice to keep in regular work, at something like adequate weekly earnings, a certain proportion of these casual workers. But because it is distributed, as partial employment and partial maintenance, among the entire class, its insufficiency and irregularity demoralise all alike, and render whole sections

as to drainage and water-supply, nuisances, and overcrowding are enforced on every one. To deal with such disease as nevertheless occurs, hospitals are provided. And when it is supposed that the sick contaminate those who are well, isolation and proper treatment are compulsory.

<sup>1</sup> “The main function of competition is that of selection.”—Professor Foxwell (in the essay cited on p. 689).



of the population of our large cities permanently incapable of regular conduct and continuous work. Thus, the disease perpetuates itself, and becomes, by its very vastness, incapable of being isolated and properly treated. A dim appreciation of the evil effects of any mixing of degenerates in daily life, joined, of course, with motives of humanity, has caused the sick and the infirm, the imbeciles and the lunatics, even the cripples and the epileptics, to be, in all civilised communities, increasingly removed off the competitive labor market, and scientifically dealt with according to their capacities and their needs. The "Labor Colonies" of Holland and Germany are, from this point of view, an extension of the same policy. To maintain our industrial invalids, even in idleness, from public funds, involves a definite and known burden on the community. To allow them to remain at large, in parasitic competition with those who are whole, is to contaminate the labor market, and means a disastrous lowering of the Standard of Life and Standard of Conduct, not for them alone, but for the entire wage-earning class.<sup>1</sup>

Thus, in our opinion, the adoption of the Policy of a National Minimum of education, sanitation, leisure, and wages would in no way increase the amount of maintenance which has to be provided by the community in one form or another, for persons incapable of producing their own keep. It would, on the contrary, tend steadily to reduce it, both by diminishing the number of weaklings or degenerates annually produced, and by definitely marking out such as exist, so that they could be isolated and properly treated.<sup>2</sup>

<sup>1</sup> If the wages of every class of labor, under perfect competition, tend to be no more than the net produce due to the additional labor of the marginal laborer of that class, who is on the verge of not being employed at all, the abstraction of the paupers, not necessarily from productive labor for themselves but from the competitive labor market, by raising the capacity of the marginal wage-laborer, would seem to increase the wages of the entire laboring class.

<sup>2</sup> The persons withdrawn from the competitive labor market, whether as invalids or aged, paupers or criminals, need not necessarily be idle. It would, on the contrary, usually be for their own good, as well as for the pecuniary interest of the community, that they should do such work as they are capable of. But it is of vital importance that their products should not be sold in the open market. If their products are sold, they must inevitably undercut the wares

The exact point at which the National Minimum should be fixed will, however, always be a matter of keen discussion. It will clearly be to the direct advantage of the wage-earning class, and especially to the large majority of self-supporting but comparatively unskilled adult laborers, that the National Minimum should be fixed as high as possible, as this will ensure to them a good wage. Moreover, every trade momentarily hard pressed by foreign competition, whether by way of import or of export trade, will see an advantage to itself in raising the Standard of Life of those who are indirectly its rivals. Even those employers who are already paying more than the minimum will be drawn by their economic interests in this direction. On the other hand, the employers in trades using low-paid labor would resent the dislocation to which a compulsory raising of conditions would subject them, and they would find powerful allies in the whole body of taxpayers, alarmed at the prospect of having

made by self-supporting operatives, who will therefore find their employment rendered less continuous than it would otherwise be, and *who will accordingly be unable to resist the reductions forced upon them by their employers.* This is not, as is often argued, because the institution laborers displace other operatives, but because they lower the price of the product. The psychological effect on the market is even more serious than the direct displacement of custom. Every private manufacturer fears that he may be the one destined to lose his customers to the institution which need not consider cost of production at all; and this fear supplies the buyers with an irresistible lever for forcing down price. The harm lies in this lowering of the Standard of Life of other classes, not in any mere diversion from them of possible additional custom. Hence there is no economic harm, and nothing but gain, in the inmates of institutions producing for consumption or use inside the institution. This has no tendency to lower prices or wages outside, any more than the fact that sailors at sea wash their own clothes lowers the wages of laundresses on land. And there would be no economic harm in the supported workers performing the whole of some new service for the community, if this was within their capacity, and if it paid better to keep all the more efficient workers employed in other ways. The same would be the case if the service were not new, and if it were, with due consideration for existing workers, wholly taken out of the domain of competitive industry. Thus the time might arrive when all efficient Englishmen would be able to employ their brains and labor to greater advantage than in growing cereals and breeding stock; and the main processes of agriculture might become, perhaps in conjunction with municipal sewage-farms, abattoirs, and dairies, exclusively Poor Law occupations, producing not for profit but for the sake of providing healthful occupation for the paupers, the infirm, and the aged, and selling their produce in competition only with foreign imports at the prices determined by these.

to maintain in public institutions an enlarged residuum of the Unemployable. The economist would be disinclined to give much weight to any of these arguments, and would rather press upon the statesman the paramount necessity of so fixing and gradually raising the National Minimum as progressively to increase the efficiency of the community as a whole, without casting an undue burden on the present generation of taxpayers.

(g) *Summary of the Economic Characteristics of the Device of the Common Rule*

The preceding analysis of the economic effects of the Device of the Common Rule, first as practised by isolated and separate trades, then as limited by the substitution of alternative processes or alternative products, at home or abroad ; and finally extended, by way of check on the illegitimate use of this substitution, from particular trades to the community as a whole, will have revealed to the student the conditions under which each trade, and the whole body of wage-earners, will obtain the best conditions of employment then and there practicable, and at the same time the manner in which the utmost possible efficiency of the nation's industry will be secured.

We see, to begin with, that the need for the Common Rule is greatest at the very base of the social pyramid.<sup>1</sup> The first necessity for obtaining the greatest possible efficiency of the community as a whole, is so to control the struggle for existence that no section is pushed by it into parasitism or degeneration. In the interests of the economically independent sections of wage-earners, whose labor

<sup>1</sup> On the social importance of not abandoning to themselves those weakest classes of wage-earners who are unable to form strong combinations, see Dr. Heinrich Herkner's *Die Sociale Reform als Gebot des Wirtschaftlichen Fortschrittes* (Leipzig, 1891), ch. x. ; and the reports entitled *Arbeitseinstellungen und Fortbildung des Arbeitervertrages* (Leipzig, 1890), pp. 12, 35, etc.

might be displaced by a parasitic class of workers, no less than in the interests of the whole community of citizens, threatened with the growth of degenerate or dependent classes, it is vitally important to construct a solid basis for the industrial pyramid, below which no section of wage-earners, however great the pressure, can ever be forced. Such an extension of the Device of the Common Rule from the trade to the whole nation—the enforcement of National Minimum conditions as to sanitation and safety, leisure and wages, below which no industry should be allowed to be carried on—would, we may infer, have the same economic effect on the industry of the community as the introduction of the Common Rule has on each particular trade. Thus it would in no way prevent competition between trades, or lessen its intensity. The consumer would be free to select whatever product he preferred, whether it was made by men or by women, by hand or by machinery, by his own countrymen or by foreigners. The capitalist would be free to introduce any machinery, to use any process, or to employ any class of labor that he thought most profitable to himself. The operative, whether man or woman, would be free to enter any trade, or to change from one trade to another, as he or she might be disposed. All that the community would require would be that there should be no parasitic labor; that is to say, that no employer should be allowed to offer, and no operative should be permitted to accept, employment under conditions below the minimum which the community had decided to be necessary to keep the lowest class in full and continued efficiency as producers and citizens. Under these circumstances the pressure of competition would be shifted from wages to quality. Alike between classes, processes, and products, a genuine Selection of the Fittest, unhandicapped by any bounty, would have free play. If one class of operatives superseded another class, it would be because the successful workers could perform the service positively better than their rivals, whilst themselves accepting no subsidy and suffering no deterioration. The result would



be that, the necessary conditions of health being secured, the struggle for existence would take the form of progressive Functional Adaptation to a higher level, each class seeking to maintain its position by improving its technical capacity.<sup>1</sup>

This National Minimum of conditions for the most helpless and dependent grades of labor can, it is obvious, be obtained only by the Method of Legal Enactment, and it will represent, not the ideal condition which each section strives to attain for itself, but what the bulk of better-off citizens are willing to concede to a minority of less fortunate persons in order to avoid the financial burden and social contamination involved in the growth of parasitic or degenerate classes. But if the maximum income for the workers in each trade, and also the maximum efficiency of the whole industrial machine is to be secured, no section will remain satisfied with these minimum conditions. The greatest possible progress will be obtained by each grade of labor organising itself, and perpetually pushing upwards—seeking by the Device of the Common Rule to divert, within each occupation, the whole force of competition from wages to quality, from remuneration to service, so as to secure always the selection for employment of those individuals who have the most developed faculties, rather than those who have the

<sup>1</sup> To give only two out of many instances, we can imagine nothing more calculated to improve the social position of women, and to render them economically independent of their sexual relationship, than the gradual introduction of a legal minimum wage, below which their employment should not be permitted. Nothing does so much at present to prevent women becoming technically proficient in industry, and to deprive girls of incentive to acquire technical education, than their feeling that they can obtain employment as they are, if only they will accept low enough wages! The result of the low wages is a deplorably low standard of efficiency, due to lack alike of proper physiological conditions and of stimulus to greater exertions. The improvement in the capacity and technical efficiency of women teachers in the last twenty years, concurrently with the introduction of fixed standards of qualification by the Education Department and, to some extent, the adoption by School Boards of full subsistence wages, is especially significant in this connection. The other instance is that of the casual unskilled laborer of the great cities. At present he knows that he can earn his miserable pittance by transient employment, without a character, without regularity of attendance day by day, and without technical skill. A legal minimum weekly wage would induce the employers to pick their men, and at once set up a Selection of the Fittest for regularity, trustworthiness, and skill.

fewest needs. The object of each section will be to raise its own service to the highest possible degree of specialised excellency, and to differentiate itself to the utmost from the unspecialised and "unskilled" labor, commanding only the National Minimum. In this way, each body of specialists becomes able to insist on its own "rent of ability" or "rent of opportunity." The more open the occupation is to newcomers, and the more attractive are the conditions that are obtained by those who are already employed, the more effective will become the constant Selection of the Fittest. The more progressive is the industry and the more opportunities it provides for technical instruction, the greater will be the Functional Adaptation to a higher level. And so long as this progressive raising of the Common Rule brings with it, either through Functional Adaptation or the Selection of the Fittest, an equivalent increase in the operatives' own productive efficiency, the added wages, or other improvement of conditions, will in themselves constitute a clear addition to the income of the community. And in so far as the maintenance of the Common Rule brings pressure to bear on the brains of the employers, so as to compel them to improve the technical processes of the trade; and in so far as the progressive raising of the standard concentrates industry in the hands of the most capable employers, in the best-equipped establishments, in the most advantageous sites, the organised wage-earners, in seeking to improve their own conditions, will incidentally have positively added to the resources of the other classes of the community as well as to their own. So far the improvement in the wage-earners' condition need not lead to any rise in the price of commodities. When, however, the operatives in any given industry have exhausted the increased efficiency due to Functional Adaptation and the Selection of the Fittest, whether acting on the employers or on workmen, any further advance of wages will, unless under very exceptional conditions, result in a slackening of the demand for their product. The same result happens in the more frequent case of the advance in

wages outstripping for a time the increase in efficiency, or again, even without a rise of wages or of prices, a change of fashion or a new invention may cause the substitution of another grade of labor. In all these cases, the progress of the advance movement of a particular trade will be effectively stopped by an increase in the proportion of its unemployed members. This, indeed, marks the limit of the possible advance in the conditions of any particular trade, beyond which the progressive raising of the Common Rule, whether by the Method of Collective Bargaining or by that of Legal Enactment, fails to achieve its object. Against a positive slackening of the consumers' demand, the producers have no remedy. If, indeed, the wages and other conditions previously enjoyed have been unnecessarily good—if, that is to say, they have been more than enough to maintain the particular degree of specialised intensity of the trade in question—it might theoretically pay the Trade Union to submit to a reduction. In our opinion, this is seldom the case in practice. Even in the relatively well-paid trades, in times of comparative prosperity, the ordinary income of a skilled mechanic—in England, from £80 to £150 per annum—is below the amount necessary for the development in himself, his wife, and his children of the highest efficiency that they are capable of. If the consumers' demand is falling off, and is being diverted to some other process or some other product, the decline can seldom be arrested by any slight fall in price, and the Trade Union may well think that the comparatively small saving in the total cost of production which would be caused by even a 10 or 20 per cent decline of wages, would probably be quite illusory.<sup>1</sup> On the

<sup>1</sup> When the slackening of demand for a particular trade is not caused by any substitution, but is the result merely of a universal contraction of the world's industry—due, for instance, to a general failure of crops—there would be no advantage in a reduction of wages, either in a particular trade, or generally of the wage-earners of the world. As any such reduction could not possibly increase the aggregate demand (which is the aggregate product), it would serve no other purpose than to make up, to the capitalists of the world, part of the diminution of income that they would otherwise suffer. Rather than submit to a lowering of the standard conditions of employment it would be better, in such a case,

other hand, there is, as we have shown in our chapter on "New Processes and Machinery," no policy so disastrous for the skilled operatives to pursue as to submit to any reduction of wages, any lengthening of hours, or any worsening of sanitary conditions, that in any way impairs their peculiar specialist efficiency. In the interests of the community as a whole, no less than of their own trade, such of their members as remain in employment must at all hazards maintain undiminished the high standard of life which alone has permitted them to evolve their exceptional talent. What a Trade Union can do, if it finds the demand for its members' services steadily falling off, is to set its expert officials to discover the exact cause of this change of demand. If the decline is not due to a merely temporary depression of trade in general; if, that is to say, there is going on an actual substitution of process or product which is likely to continue, the first duty of the Trade Union is to make the fact widely known to its own members and the public, so that members may seize every opportunity of escaping from the trade, and so that parents may learn to avoid putting their sons to so unpromising an occupation. The second duty of the threatened trade is to look sharply into the conditions under which the substituted article is being produced, or (in the case of foreign competition) into the conditions of all the export trades of the country. It may be that these are escaping regulation altogether, or that there is a case for demanding a rise in the legal minimum of conditions of employment. The best policy of the threatened trade is, therefore, to throw itself vigorously into the agitation for a general levelling up of the National Minimum. And in this policy they will find themselves increasingly supported by for the workers of each community to maintain their rate unimpaired, and subsidise their unemployed members. The frequent result of unregulated competition in times of general depression of trade—that the hours of labor of the workers in employment are positively lengthened because of their strategic weakness, and the numbers unemployed thereby *unnecessarily* increased—is an arrangement so insane that it would not be tolerated but for the superstition that the anarchy of "Nature" was somehow superior to the deliberate adjustments of science.



public opinion. For if all the occupations enjoying any organisation at all have been pursuing the policy of pushing up their Common Rules and developing their own specialisation, there will have been set up, in the community as a whole, a new conception of what is necessary for the decent existence of any class of workers. In each trade, as we have seen, the enforcement of a Common Rule automatically sets up a new "mean" for the trade, which tends to become a new minimum. Similarly, when a National Minimum has been effectively enforced; and when one occupation after another has raised itself above that minimum to the extent of its particular skill, there will have been created, in the public opinion both of the wage-earners and other classes, not excluding even the employers, a new standard of expenditure for the average working-class family. The psychological establishment of this new standard makes the old minimum, once considered a boon, appear "starvation wages." Hence a growing discontent among the poorest classes of workers, and rising sympathy for their privations, will lead eventually to a rise in the minimum. This rise will be justified to the economists by the increase in efficiency which the enforcement of the legal minimum will have brought about. Thus, the whole community of wage-earners, including the lowest sections of it, may by a persistent and systematic use of the Device of the Common Rule, secure an indefinite, though of course not an unlimited, rise in its Standard of Life. And in this universal and elaborate application of the Common Rule, the economist finds a sound and consistent theory of Trade Unionism, adapted to the conditions of modern industry; applicable to the circumstances of each particular trade; acceptable by the whole body of wage-earners; and positively conducive to national efficiency and national wealth.

*(h) Trade Union Methods*

Our survey of the economic characteristics of Trade Unionism would not be complete without some comparison, from an economic standpoint, of the three Methods by which, as we have seen, Trade Unions seek to attain their ends. At first sight this may seem unnecessary. When once a Trade Union Regulation has been successfully enforced upon the employers and workmen in a trade, it can be economically of no consequence whether the Regulation has been obtained by Legal Enactment, or Collective Bargaining, or by the more silent but not less coercive influence that may be exerted by Mutual Insurance. The owners of mining royalties, the lessees of the coal, and the individual hewers will find their faculties and desires affected in exactly the same way, whether the tonnage-rates for the Northumberland coal mines are fixed by law or by the irresistible fiat of the Joint Committee. It is immaterial to the owner of an old-fashioned cotton-mill whether the shortening of hours, or the raising of the minimum cubic space required by each operative, which finally destroys his margin of profit, is enforced by the visits of the Factory Inspector or by those of the secretaries of the Employers' and Operatives' Associations. It might be urged, in short, that it is the Trade Union Regulation itself which influences the organisation of industry, or alters cost of production, profits, or price, not the particular Method by which the Regulation is secured.

But this is to assume that, whether a Trade Union Regulation is supported by one Method or the other, it will be obtained and enforced with equal friction, equal effectiveness, equal universality, and equal rapidity of application to the changing circumstances. Thus, the general reduction of the hours of labor, which characterised the decade 1870 to 1880, had distinctive economic results of its own, whether it was effected by Legal Enactment (as in the textile mills), or by Collective Bargaining (as in the engineering workshops). But the economist cannot overlook the fact that the reduction was,

in the one case, secured without any cessation of industry, enforced universally on all establishments in the trade from one end of the kingdom to the other, and rigidly maintained without struggle in subsequent years. In the other case, the reduction of hours cost the community a five months' stoppage of engineering industry in one of its most important centres, and many other struggles.<sup>1</sup> It never became universal, even in the same industry, and it has not been uniformly maintained. On the other hand, the Engineers got the reduction three years sooner than the Cotton Operatives, and have been able, in times of good trade, in well-organised districts, to obtain even further reductions. To complete the economic analysis of Trade Unionism, we have therefore to inquire how far these important differences in the application of the Regulations are characteristic of the several Methods by which they are enforced. In this inquiry, we may leave out the Method of Mutual Insurance, which, in its economic aspect, is hardly distinguishable from imperfect Collective Bargaining, and which, except in a few small trades, may be regarded as an adjunct of the other Methods.<sup>2</sup> The question therefore resolves itself into the manner in which the economic results of the various Trade Union Regulations

<sup>1</sup> *History of Trade Unionism*, pp. 299-302.

<sup>2</sup> This omits from consideration the purely Friendly Society side of Trade Unionism. The provision made by wage-earning families against sickness and accident, and the expenses of burial, has an important effect on their well-being, and cannot be ignored by the economist. But in this respect, as we have seen in our chapter on "The Method of Mutual Insurance," the Trade Unions amount to no more than small offshoots from the great Friendly Society movement, and (as regards death benefit) of the equally extensive system of "industrial insurance." In the United Kingdom, these provide, in the aggregate, many times more sick and funeral benefit than the whole of the Trade Unions put together. The economic results of this form of saving, like that of mere individual hoarding or deposit in a savings bank, are, therefore, in no way characteristic of Trade Unionism. The Trade Union, as we have seen, is a bad form of Friendly Society, and if it had to be considered exclusively as a Friendly Society, its total lack of actuarial basis and absence of security would bring upon it the severest condemnation. The main benefit provided by the Trade Union is, however, not sick pay or funeral money, but the Out of Work Donation, and this, as we have pointed out, must be regarded, not as an end in itself, but as a means of maintaining or improving the members' conditions of employment—as a method, that is, of supporting the Trade Union Regulations.

are modified, according as they are enforced by Collective Bargaining or Legal Enactment.

Confining ourselves to the circumstances of this country at the present time, we see that to obtain and enforce a Trade Union Regulation by the Method of Collective Bargaining necessarily involves, as we described in a previous chapter, the drawback of occasional disputes and stoppages of work. The seven hundred or more strikes and lock-outs annually reported to the Board of Trade<sup>1</sup> represent a considerable amount of economic friction. The laying idle of costly and perishable machinery and plant, the dislocation of business enterprise, the diversion of orders to other countries, the absorption in angry quarrels of the intellects which would otherwise be devoted to the further development of our industry—above all, the reduction to poverty and semi-starvation of thousands of workmen—involve a serious inroad upon the nation's wealth. This perpetual liability to a disagreement between the parties to a bargain is a necessary accompaniment of freedom of contract. We have already pointed out that if it is thought desirable that the parties to a bargain should be free to agree or not to agree, it is inevitable that, human nature being as it is, there should now and again come a deadlock, leading to that trial of strength which lies behind all negotiations between free and independent contracting parties. The Trade Union Method of Collective Bargaining, though by its machinery for industrial diplomacy it may reduce to a minimum the occasions of industrial war, can never, as we have seen, altogether prevent its occurrence. We need not dwell any further upon this capital drawback of this particular Method of industrial regulation, as it is one on which both public opinion and economic authority are convinced, and of which, in our judgment, they take even an exaggerated view.

<sup>1</sup> The reports on the Strikes and Lock-outs of the year, which have been annually published by the Labor Department of the Board of Trade since 1888, and by various American State Governments, afford a valuable picture of the number and variety of these disputes.



The use by the Trade Unions of the Method of Legal Enactment has the great economic merit of avoiding all the waste and friction that we have been describing. Whatever may be the result of a new Factory Act, it is not bought at the cost of a strike or a lock-out. Even when a new enactment is supremely distasteful to both employers and operatives, as in the case of the Truck Act of 1896, there is no cessation or interruption of the nation's industry. All that happens is that employers and workmen importune their members of Parliament, and go on deputations to the Home Secretary, to beg for an amendment or a repeal of the obnoxious law. The regulations themselves, like the clauses of the Truck Act which are complained of, may be irksome, useless, or economically injurious, but the method by which they have been obtained and enforced has the inestimable merit of peacefulness.

The case of the Truck Act of 1896 supplies an instance of a corresponding drawback of the Method of Legal Enactment. An Act of Parliament is hard to obtain, and hard to alter. It is therefore probable that an industry has to go on for some years without the regulation which would be economically advantageous to it, or to endure for some time an obsolete regulation which could advantageously be amended. This want of elasticity to meet changing circumstances is specially noticeable in our legislative machinery of the present day, when the one central legislature is patently incapable of coping with the incessant new applications of law required by a complicated society. It would be interesting to ask whether this defect is inherent in the Method of Legal Enactment. If the principle of regulating the conditions of employment were definitely adopted by Parliament, there does not seem any impossibility in the rules themselves being made and amended by the fiat—carrying with it the force of law—of an executive department, a local authority, or a compulsory arbitration court for the particular industry.<sup>1</sup> But

<sup>1</sup> The ordinances of the craft-gilds, the by-laws of the mediæval town councils, and the fixing of rates of wages by the justices are familiar examples of law-

though a community which believed in regulating the conditions of employment by law would be able greatly to simplify and develop its legislative machinery, the making and amending of legally enforceable rules must, we believe, necessarily be a more stiff and cumbrous process than the concluding or modifying a voluntary trade agreement by a joint committee. If, therefore, it be desirable that the Regulation itself, or the stringency with which it is interpreted or applied, should be constantly shifted upwards or downwards, according to the changing circumstances of the day, or the relative positions of employers and workmen, the Method of Collective Bargaining has undoubtedly a great advantage over the Method of Legal Enactment.

So far, therefore, the Method of Legal Enactment is superior in the characteristics of peacefulness and absence of preliminary friction, whilst in the qualities of elasticity, promptness of attainment, and facility of alteration, the Method of Collective Bargaining holds the field. When we come to the effectiveness of the Regulation—that is to say, the rigidity, impartiality, and universality with which it is applied—the issue is more open to doubt. In our analysis of the economic effects of the Common Rule, we have seen how important it is that it should really be co-extensive with the industry in any community. It will clearly make all the difference to the economic effect of a reduction of hours or an advance in costly sanitary comforts, whether all competing

making, which, though they were open to many other objections, were lacking neither in promptitude nor elasticity. “The substance no less than the form of the law would, it is probable, be a good deal improved if the executive government of England could, like that of France, by means of decrees, ordinances, or proclamations having the force of law, work out the detailed application of the general principles embodied in the Acts of the legislature” (A. V. Dicey, *The Law of the Constitution*, ch. i.; H. Sidgwick, *Principles of Politics*, ch. xxii. p. 433). Already, a large amount of our legislation is made in the form of “rules” or “orders” by executive departments, sometimes under a general authority given by statute, and only nominally laid before Parliament, sometimes by mere executive authority; see, for instance, the eight volumes of *Statutory Rules and Orders* (London, 1897) in force having the authority of law. It is probable that the increasing incapacity of the House of Commons to cope with its work will lead to a silent extension of this practice. We shall, in fact, be saved by the Royal Prerogative!

employers are equally subjected to the regulation, or whether this is enforced only on particular establishments or particular districts. At first sight it would seem that this is an overwhelming argument in favor of the law. In our own country at the present day factory legislation applies uniformly from one end of the kingdom to another. If it is properly drafted and really intended to work, it will be conscientiously and impartially enforced by the Home Office. But unfortunately, though the machinery for enforcing the regulations is, in the United Kingdom, exceptionally efficient, the regulations themselves are still very imperfect. Outside the textile and mining industries, it is not too much to say that they have generally been drafted or emasculated by ministers or legislators yielding to popular pressure, but themselves opposed, in principle, to any interference with the employer's "freedom of enterprise." Our Labor Code contains many "bogus" clauses, which were, by their authors, never intended to be applied, and which the most zealous Factory Inspectors are unable to enforce. On the other hand, the regulations which are secured in Collective Bargaining by the shrewd and experienced officials of a powerful Trade Union, are, from the outset, intended to work, and, when the trade is completely organised, they are enforced with an unrelenting and detailed exactitude unknown to the Factory Inspector or the magistrate's court. But whereas the law, however imperfect, applies equally to all firms and to all districts, it is rare, as we have seen, for a Trade Union to secure a "National Agreement," and still more unusual for the whole trade to be so well organised as to be able to enforce any uniform terms upon all the employers. The usual result is that, though the workmen enforce their Regulations on "society shops" in "good" Trade Union towns with more than the severity of the law of the land, there are numerous establishments, and sometimes whole districts, over which the Trade Union has absolutely no control.

Finally we have the question—to the statesman, as we have seen, of vital importance—whether one or other Method

is best calculated to prevent industrial parasitism. From the point of view of the community, it is essential that every industry should afford, to every person employed, at least the National Minimum of sanitation and safety, leisure and wages, in order to prevent any particular trade from getting a virtual "bounty" from the community, in the form either of partially supported labor, or of successive relays of workers deteriorated in their use. Only under these conditions, as we have seen, has the nation any assurance that its industry will flow into those channels in which its capital, brains, and manual labor will be applied to the greatest economic advantage, and produce the greatest "National Dividend." Now, it is an inherent defect of any sectional action by particular Trade Unions that its success will depend, not on the real necessities of the workers, but on their strategic position. Under the Method of Collective Bargaining the provisions for Sanitation and Safety would differ from trade to trade, not according to the unhealthiness or danger of the process, but according to the capacity of the workers for organisation, the ability of their leaders, the magnitude of their "war-chests," the relative scarcity of their labor, and the "squeezability" of their employers. Where the hours of labor are not affected by law, we find, in fact, at the present time, that they vary from trade to trade without the least reference to the average strength of the workers concerned, or the exhausting character of their labors. The London Silverworkers, the Birmingham Flint Glass Makers, and the various classes of building operatives in the Metropolis, enjoy, for instance, practically an Eight Hours' Day, whilst the outworking Sheffield Cutlers, the London Carmen, and the great race of Tailors everywhere work at least half as long again for a smaller remuneration. And, turning to the four millions of women wage-earners, we come to the paradoxical result that, wherever unregulated by law, the physically weakest class in the world of labor is forced to work the longest hours for the least adequate subsistence. It is clear that the National Minimum, whether



with regard to sanitation or safety, leisure or wages, cannot be secured, in the cases in which it is most required, otherwise than by law.<sup>1</sup>

We see, therefore, that if, for the moment, we leave out of account the Regulations themselves, the Method of Legal Enactment has, where it can be employed, a considerable balance of economic advantages over the Method of Collective Bargaining. It has, to begin with, the great merit of avoiding all stoppages of industry and of causing the minimum of economic friction. In our own country, at any rate, a Regulation enforced by Legal Enactment will be more uniformly and impartially applied throughout an industry as a whole than is ever likely to be the case with a Regulation enforced by Collective Bargaining. Its greatest drawback is the cumbrousness of the machinery that must be set in motion, and the consequent difficulty in quickly adapting the Regulations to new circumstances. Hence the Method of Legal Enactment is best adapted for those Regulations which are based on permanent considerations, such as the health and efficiency of the workers. The minimum requirements of Sanitation and Safety need no sudden modifications. Much the same argument applies to the fixing of the Normal Day and even of a minimum of wages, calculated so as to

<sup>1</sup> Even when a Trade Union uses the Method of Legal Enactment for its own benefit, it usually secures advantages for weaker classes. Thus, the adult male cotton-spinners, in getting shorter hours and improved sanitation for themselves, have secured identical conditions for the comparatively weak women ring-spinners of Lancashire, and for the practically unorganised women employed to assist at mule-spinning in the mills of Glasgow. And this uniformity of regulation, initiated by the 19,000 male spinners, has not only been extended to all the 300,000 workers in cotton-mills, whether spinners, weavers, beamers, twisters, or card-room hands, but also to the 200,000 factory operatives in the competing products of the woollen, linen, and silk trades. Finally, whilst the 500,000 operatives in the textile trades thus already work under identical legal conditions, there is a constant tendency, in every amendment of the Factory Acts, to approximate to this "textile" standard the regulations applying to the hours and sanitation of all the other industries of the country. In short, when Parliament has to determine the conditions of employment, it tends necessarily, whatever the trade, to base its action on one and the same common assumption—on the necessity of securing to every class of workers at least the minimum requirements of health and efficiency.

prevent any class of workers from being driven down below the standard of healthy subsistence. These are all matters of physiological science. The Method of Legal Enactment is, in fact, economically the most advantageous way of enforcing all Regulations based on the Doctrine of a Living Wage.<sup>1</sup>

But the Method of Collective Bargaining has also its legitimate sphere. In our analysis of the economic characteristics of the Common Rule, we have pointed out how essential it is, in the interests of each particular trade, and also in those of the community as a whole, that no section of workers should remain content with the National Minimum secured by law, and that each trade should be perpetually trying to force up its own Standard of Life so as to stimulate to the utmost the forces of Functional Adaptation and the Selection of the Fittest within the occupation. The several sections of workers show no backwardness in demanding all that they can get, and they often desire, as we have seen, to get the law on their side. But if the Doctrine of Vested Interests is abandoned, there are many reasons which will prevent the use of the Method of Legal Enactment for obtaining what we may call this sectional "Rent of Ability," or "Rent of Opportunity." If, indeed, the workers in any particular trade could prove to the representatives of

<sup>1</sup> In support of this view we are glad to be able to quote an editorial of the *Times* in the palmy days of that great organ of English public opinion. Referring to the movement in favor of shortening the hours of labor of shop assistants, its leading article of the 11th November 1846 observed: "Now we would humbly suggest that, after all, an Act of Parliament would be the most short and certain mode of effecting the proposed object. It would be universal in its operation. It would admit of no partial exceptions or favoritisms. It would be binding on all. It would be, we think, desired by all who hope to be benefited by the change. A master who, out of spite, obstinacy, or the spirit of martyrdom, would kick at a speech, or remain obdurate to a sermon, would bow before the majesty of the law. There is more eloquence in a tiny penal clause imposing a fine of £5 than in the graceful benevolence of Lord John Manners or the historical résumés of Dr. Vaughan. No man would resist it often, or resist it long. . . . Let the young men and women . . . appeal to Parliament to ratify by its fiat that principle which should be the boast and the mission of every Legislature—to protect the poor from contumely and the weak from oppression." <sup>64</sup>  
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the whole community that their task required for its proper fulfilment more than ordinary leisure and income, there is no reason why they should not ask to have these exceptional conditions embodied in a new Common Rule and secured by law. But the attempts of the different trades to force up their wages and other conditions above the National Minimum, must, as we have learnt, be purely experimental. In so far as any rise in the level of the Common Rule results in an increase in the efficiency of the industry, each Trade Union can safely push its own interests. But any such attempt will be dependent for success on forces which cannot be foreseen, and many of which are unconnected with the efficiency of the manual workers themselves. The rapidity of industrial invention in the particular trade, the extent to which it is recruited by additional brain-workers, the ease with which new capital can be obtained, will determine how far and how quickly the Trade Union can, by raising its Common Rule, stimulate increased efficiency and concentrate the business in its most advantageous centres. And there is also another direction in which, under a system of private enterprise, a Trade Union may successfully push its members' claims. In our chapter on "The Higglings of the Market" we have seen how nearly every section of capitalists throws up its own bulwark against the stream of pressure, in order to enjoy its own particular pool of profit. A legal monopoly or exclusive concession, a ring or syndicate, will secure for the capitalists of the trade exemption from competition and exceptional gains. The same result occurs whenever there is a sudden rush of demand for a new product, or a sudden cheapening of production. If the wage-earners in these trades are strongly organised, they can extract some part of these exceptional profits, which the employers will concede if they are threatened with a complete stoppage of the industry. From the point of view of the community there is no reason against this "sharing of the plunder," as the expenditure of the workmen's share, distributed over thousands of families, is quite as likely to be socially advantageous as

that of the swollen incomes of a comparatively small number of newly-enriched employers.<sup>1</sup>

For these and all other kinds of "Rent of Opportunity," the law is obviously quite inapplicable. In short, for everything beyond the National Minimum, and the technical interpretation of this to secure to each trade the conditions necessary for efficient citizenship, the wage-earners must rely on the Method of Collective Bargaining.

<sup>1</sup> But here again we must remind the reader that the Trade Union cannot, by any Common Rule, trench upon the exceptional profits of particular firms. Patents and Trade Marks, advertising specialities and proprietary articles are therefore beyond its reach. It is only when, as in the case of the Birmingham Alliances, the swollen profits extend over the whole industry that the Trade Union can effectively insist on sharing the plunder. And it so happens that in these cases the wage-earners are seldom sufficiently well organised even to defend their own position. When the enlarged profits of the trade arise from a sudden rush of demand or a sudden cheapening of production, it is usually a question (as in the case of the sewing-machine and the bicycle) of a new product or a new process, produced by workers who, newly gathered together, are unprotected by effective combination. Accordingly, though the wage-earners in exceptionally profitable industries often obtain continuous employment, and a slight rise of wages, they practically never secure any appreciable share of the "pools of profit" that we have described. Thus whilst the brewers, wholesale provision merchants, patent medicine proprietors, soap and pill advertisers, wholesale clothiers, sewing-machine makers, bicycle and pneumatic tyre manufacturers, and the mineral water merchants have all during the past eight years been making colossal profits, the wage-earners employed in these trades, who are almost entirely unorganised, stand, on the whole, rather below than above the average of the kingdom. In many of these cases the conditions of the wage-earners have remained actually below the level of "a Living Wage."



## CHAPTER IV

### TRADE UNIONISM AND DEMOCRACY

IT might easily be contended that Trade Unionism has no logical or necessary connection with any particular kind of state or form of administration. If we consider only its fundamental object—the deliberate regulation of the conditions of employment in such a way as to ward off from the manual-working producers the evil effects of industrial competition—there is clearly no incompatibility between this and any kind of government. Regulations of this type have existed, as a matter of fact, under emperors and presidents, aristocracies and democracies. The spread of the Industrial Revolution and the enormous development of international trade have everywhere brought the evils of unregulated competition into sensational prominence. The wise autocrat of to-day, conversant with the latest results of economic science, and interested in the progressive improvement of his state, might, therefore, be as eager to prevent the growth of industrial parasitism as the most democratic politician. Hence, we can easily imagine such an autocrat enforcing a National Minimum, which should rule out of the industrial system all forms of competition degrading to the health, intelligence, or character of his people. The rapid extension of factory legislation in semi-autocratic countries during recent years indicates that some inkling of this truth is reaching the minds of European bureaucracies. What is distrusted in modern Trade Unionism is not its

object, nor even its devices, but its structure and its methods. When workmen meet together to discuss their grievances—still more, when they form associations of national extent, raise an independent revenue, elect permanent representative committees, and proceed to bargain and agitate as corporate bodies—they are forming, within the state, a spontaneous democracy of their own. The autocrat might see in this industrial democracy nothing more hostile to his supremacy in the state than the self-government of the village or the co-operative store. It is, we imagine, on this view that the Czar of All the Russias regards with complacency the spontaneous activity of the Mir and the Artel. More usually, however, the autocrat distrusts the educational influence of even the most subordinate forms of self-government. And when the association is national in extent, composed exclusively of one class, and untrammelled by any compulsory constitution, his faith in its objects or his tolerance for its devices becomes completely submerged beneath his fear of its apparently revolutionary organisation.<sup>1</sup> Hence, though European autocracies may greatly extend their factory legislation, and might even, on the advice of the economists or in response to the public opinion of the wage-earning class, deliberately enforce a National Minimum of education, sanitation, leisure, and wages, they are not likely to encourage that pushing forward of the Common Rules of each section by the method of Collective Bargaining, which is so characteristic of British Trade Unionism, and upon which, as we have seen, the maximum productivity of the community as a whole depends.<sup>2</sup>

The problem of how far Trade Unionism is consistent with autocratic government—important to the continental student—is not of practical concern to the Anglo-Saxon.

<sup>1</sup> In this respect, the old-fashioned Liberal stood at the opposite pole from the autocrat. What he liked in Trade Unionism was the voluntary spontaneity of its structure and the self-helpfulness of its methods; even when he disbelieved in the possibility of its objects, and disliked its devices.

<sup>2</sup> It would seem to follow that, if we could suppose other things to be equal, an autocracy would not attain so great a national wealth-production as a democracy.

In the English-speaking world institutions which desire to maintain and improve their position must at all hazards bring themselves into line with democracy. The wise official who has to function under the control of a committee of management, carefully considers its modes of action and the interests and opinions of its members, so that he may shape and state his policy in such a way as to avoid the rejection of the measure he desires. In the same way each section of Trade Unionists will have to put forward a policy of which no part runs counter to the interests and ideals of the bulk of the people. Believing, as we do, in the social expediency both of popular government, and of a wisely directed Trade Unionism for each class of producers, we shall end our work by suggesting with what modifications and extensions, and subject to what limitations, British Trade Unionism can best fulfil its legitimate function in the modern democratic state. At this point, therefore, we leave behind the exposition and analysis of facts, and their generalisation into economic theory, in order to pass over into precept and prophecy.

We see at once that the complete acceptance of democracy, with its acute consciousness of the interests of the community as a whole, and its insistence on equality of opportunity for all citizens, will necessitate a reconsideration by the Trade Unionists of their three Doctrines—the abandonment of one, the modification of another, and the far-reaching extension and development of the third.<sup>1</sup> To begin with the Doctrine of Vested Interests, we may infer that, whatever respect may be paid to the “established expectations” of any class, this will not be allowed to take the form of a resistance to inventions, or of any obstruction of improvements in industrial processes. Equitable consideration of the interests of existing workers will no doubt be more and more expected, and popular governments may even adopt Mill’s suggestion of making some provision for operatives displaced by a new machine. But this con-

<sup>1</sup> See Part II. chap. xiii. “The Assumptions of Trade Unionism.”

sideration and this provision will certainly not take the form of restricting the entrance to a trade, or of recognising any exclusive right to a particular occupation or service. Hence the old Trade Union conception of a vested interest in an occupation must be entirely given up—a change of front will be the more easy in that, as we have seen,<sup>1</sup> no union is now able to embody this conception in a practical policy.

Coming now to the Doctrine of Supply and Demand, we see that any attempt to better the strategic position of a particular section by the Device of Restriction of Numbers will be unreservedly condemned. Not only is this Device inconsistent with the democratic instinct in favor of opening up the widest possible opportunity for every citizen, but it is hostile to the welfare of the community as a whole, and especially to the manual workers, in that it tends to distribute the capital, brains, and labor of the nation less productively than would otherwise be the case.<sup>2</sup> Trade Unionism has, therefore, absolutely to abandon one of its two Devices. This throwing off of the old Adam of monopoly will be facilitated by the fact that the mobility of modern industry has, in all but a few occupations, already made any effective use of Restriction of Numbers quite impracticable.<sup>3</sup> Even if, in particular cases, the old Device should again become feasible, those Trade Unions which practised it would be placing themselves directly in antagonism to the conscious interests of the remainder of their own class, and of the community as a whole. And in so far as industry passes from the hands of private capitalists into the control of representatives of the consumers, whether in the form of voluntary co-operative societies,<sup>4</sup> or in that of

<sup>1</sup> Part II. chaps. x. and xi. "The Entrance to a Trade" and "The Right to a Trade."

<sup>2</sup> See Part III. chap. iii. "The Economic Characteristics of Trade Unionism," under the heading "The Device of Restriction of Numbers."

<sup>3</sup> See Part II. chap. x. "The Entrance to a Trade."

<sup>4</sup> Here and elsewhere in this chapter we mean by co-operative societies the characteristic British type of associations of consumers, who unite for the purpose of carrying on, by salaried service, the manufacture and distribution of the commodities they desire. This form of co-operative society—the "store" and



the municipality or the central government, any interference with freedom to choose the best man or woman for every vacancy, more and more consciously condemned by public opinion, will certainly not be tolerated.

But the manipulation of the labor market to the advantage of particular sections does not always take the form of a limitation of apprenticeship, or any Restriction of Numbers. Among the Cotton-spinners the piecers, and among the Cotton-weavers the tenters, are engaged and paid by the operatives themselves, whose earnings are accordingly partly made up of the profit on this juvenile labor. It therefore suits the interest of the adult workers, no less than that of the capitalist manufacturers, that there should be as little restriction as possible on the age or numbers of these subordinate learners: the Cotton-spinners, in fact, as we have more than once mentioned, go so far as to insist on there being always ten times as many of them as would suffice to recruit the trade. In this parasitic use of child-labor, the Cotton Operatives are sharing with the manufacturers what is virtually a subsidy from the community as a whole. The enforcement of a National Minimum would,

the "wholesale," together with their adjunct, the Co-operative Corn Mill—accounts for nineteen-twentieths of the capital, practically all the distributive trade, and three-fourths of the aggregate production of the British Co-operative Movement (*Third Annual Report of the Labour Department of the Board of Trade*, C. 8230, 1896, pp. 25-48). Though the commodities and services supplied by voluntary associations of consumers will vary from time to time, we regard this type of co-operative society as a permanent element in the democratic state. However widely we may extend the scope of central or local government, there will always be a place for voluntary associations of consumers to provide for themselves what the public authority either cannot or will not supply. The other type of organisation known as a co-operative society, the association of producers, or so-called "productive society," stands in a very different position. We see no future for this in the fully-developed democratic state. In its original ideal form of a self-governing association of manual workers, it seems to us (besides being open to grave objections) to have been made impossible by the Great Industry, whilst the subsequent forms known as "co-partnership" appear to us to be incompatible with Trade Unionism, and the indispensable maintenance of the Common Rule. See *The Co-operative Movement in Great Britain* (2nd edition, London, 1894), and *The Relationship between Co-operation and Trade Unionism* (Co-operative Union pamphlet, Manchester, 1892), both by Mrs. Sidney Webb.

as we have seen,<sup>1</sup> involve such a raising of the minimum age, both for half and whole time employment, as would put a stop to this particular expression of corporate self-help.

Thus, the Doctrine of Supply and Demand will have to manifest itself exclusively in the persistent attempts of each trade to specialise its particular grade of skill, by progressively raising the level of its own Common Rules. In so far as this results in a corresponding increase in efficiency it will, as we have shown,<sup>2</sup> not only benefit the trade itself, but also cause the capital, brains, and labor of the community to be distributed in the most productive way. And the demands of each grade will, in the absence of any Restriction of Numbers or resistance to innovations, be automatically checked by the liberty of the customer to resort to an alternative product and the absolute freedom of the directors of industry to adopt an alternative process, or to select another grade of labor. Thus, the permanent bias of the manual worker towards higher wages and shorter hours of labor is perpetually being counteracted by another—his equally strong desire for continuity of employment. If the Common Rule in any industry at any time is pressed upward further or more quickly than is compensated for by an equivalent advance in the efficiency of the industry, the cost of production, and, therefore, the price, will be raised, and the consumers' demand for that particular commodity will, in the vast majority of cases, be thereby restricted. The rise of wages will, in such a case, have been purchased at the cost of throwing some men out of work. And though the working-class official cannot, any more than the capitalist or the economist, predict the effect on demand of any particular rise of wages, even the most aggressive members of a Trade Union discover, in an increase of the percentage of unemployed colleagues whom they have to maintain, an unmistakable and imperative check upon any repeti-

<sup>1</sup> Part III. chap. iii. "The Economic Characteristics of Trade Unionism."

<sup>2</sup> *Ibid.* under the heading "The Effect of the Sectional Application of the Common Rule on the Distribution of Industry."

tion of an excessive claim. How constantly and effectively this check operates on the mind of the Trade Union officials can be realised only by those who have heard their private discussions, or who have watched the silent postponement of cherished aims by particular unions. It is not fear of the employers' strength, or lack of desire for shorter hours that is (1897) preventing the Cotton Operatives from using their power to obtain an eight hours' day or a rise in their piecework rates, but the ever-present dread, quickened by the sight of unemployed spinners and weavers on short-time, of driving away some of the trade of Lancashire. Paradoxical as it may seem, the sins of the Trade Unions in this respect would tend to be those of omission rather than those of commission. Whether with regard to sanitation, hours, or wages, each Trade Union would, in its fear of encouraging new inventions, be apt to stop short in its claims at an earlier point than the fullest efficiency demanded, rather than push ever onward the specialisation of its craft, at the cost of seeing some part of it, to the common advantage, superseded by another process.<sup>1</sup>

So far democracy may be expected to look on complacently at the fixing, by mutual agreement between the directors of industry and the manual workers, of special rates of wages for special classes. But this use of the Method of Collective Bargaining for the advantage of particular sections—this "freedom of contract" between capitalists and wage-earners—will become increasingly subject to the fundamental condition that the business of the community must not be interfered with. When in the course of bargaining there ensues a deadlock<sup>2</sup>—when the workmen strike, or the employers lock out—many other interests are affected than those of the parties concerned. We may accordingly expect that, whenever an industrial dispute reaches a certain

<sup>1</sup> See Part II. chap. viii. "New Processes and Machinery."

<sup>2</sup> See Part II. chap. ii. "The Method of Collective Bargaining," chap. iii. "Arbitration," and chap. iv. "The Method of Legal Enactment."

magnitude, a democratic state will, in the interests of the community as a whole, not scruple to intervene, and settle the points at issue by an authoritative fiat. The growing impatience with industrial dislocation will, in fact, where Collective Bargaining breaks down, lead to its supersession by some form of compulsory arbitration; that is to say, by Legal Enactment.<sup>1</sup> And when the fixing of the conditions on which any industry is to be carried on, is thus taken out of the hands of employers and workmen, the settlement will no longer depend exclusively on the strategic position of the parties, or of the industry, but will be largely influenced by

<sup>1</sup> In this connection, the provisions of the New Zealand Industrial Conciliation and Arbitration Act, drafted and carried through by the Hon. W. P. Reeves, are highly significant. By this Act (No. 14 of 1894, slightly amended by No. 30 of 1865 and No. 57 of 1896) there is created a complete system of industrial tribunals for dealing, from the standpoint of the public interest, not only with the interpretation and enforcement of collective agreements expressly made subject to them; but also with industrial disputes of every kind. There is, first, in each district a Board of Conciliation, consisting in equal numbers of members elected by the employers' and workmen's associations respectively, with an impartial chairman chosen by the Board from outside itself. Any party to an industrial dispute—that is to say, an association of employers or of workmen, or one or more employers though not associated—may bring the quarrel before the Board, which is thereon required, whether the other party consents or not, to inquire into the dispute, and do its best to promote a settlement. If conciliation fails the Board is then required, within two months of the first application to it, to “decide the question according to the merits and substantial justice of the case.” So far, the system is merely one of Compulsory Arbitration, with a formal award which the parties are not bound to accept. But the Board may, if it thinks fit, refer any unsettled dispute, with or without its own decision on its merits, to the central Court of Arbitration, consisting of three members appointed by the Governor, two on the nomination respectively of the associations of employers and employed, and one, who presides, from among the Judges of the Supreme Court. If the local Board does not so remit the case, any party to it may require the Board's report to be referred to the Court. The Court is thereupon required to investigate the dispute in the most complete manner, with or without the assent of any of the parties, and with all the powers of a court of justice. Its award is, in all cases, nominally binding on the associations or persons specified therein, for the period (not exceeding two years) named; and any award which refers to an association is binding not only upon all those who are members at the date of the award, but also upon all those who subsequently join during its continuance. But though the award is nominally binding, it is within the discretion of the Court whether it shall be legally enforceable. The Court may, if it thinks fit, either at once, or, on the application of any of the parties, subsequently, file its award in the Supreme Court office, when it becomes, by leave of the Court, enforceable as if it were a judgment of the Supreme Court. The award may include an order to pay costs and



the doctrine of a living wage. The Trade Union official would then have to prove that the claims of his clients were warranted by the greater intensity of their effort, or by the rareness of their skill in comparison with those of the lowest grade of labor receiving only the National Minimum ; whilst the case of the associated employers would have to rest on a demonstration, both that the conditions demanded were unnecessary, if not prejudicial, to the workmen's efficiency, and that equally competent recruits could be obtained in sufficient numbers without the particular "rent of ability," demanded by the Trade Union over and above the National Minimum.

expenses, and penalties for its breach, not exceeding £10 against an individual workman or £500 against an association or an individual employer. The decision of the Court of Arbitration, acting by a majority of its members, may, therefore, at its discretion, be made part of the law of the land. When a dispute has once been brought before a Board or the Court, "any act or thing in the nature of a strike or lock-out" is expressly prohibited, and would presumably be punishable as contempt.

During the three years that this Act has been in force, there have been altogether sixteen labor disputes, and it has been successfully applied to every one of them, half being settled by the Boards of Conciliation and half by the Court of Arbitration. The awards have been uniformly well received by the parties, and appear to have been generally obeyed. Several of them were filed in the Supreme Court, and have thus obtained the force of law. So far the Act has been entirely successful in preventing the dislocation of industry. This success is no doubt largely due to the general support given by public opinion in the Colony to the principle of arbitration. There is at present no provision enabling the Boards or the Court to deal with a dispute, however disastrous to the public welfare, in which none of the parties request its intervention. And as there has been as yet no refusal to obey any of the awards, the actual process of enforcement has not been tested in the law courts. It has been suggested that an obstinate employer, refusing to join any association, and employing only non-unionists, might escape jurisdiction by declining to recognise (and therefore having no quarrel with) any Trade Union. Such a case occurred in South Australia, where a less ably drafted Act on somewhat the same lines as that of New Zealand is in force. The point was, however, not judicially decided ("Quelques Expériences de Conciliation par l'Etat en Australie," by Anton Bertram in *Revue d'Économie Politique*, 1897). In the present state of public opinion in New Zealand, this or any other evasion of the law would be very narrowly viewed by the judges, and any flaw discovered would be promptly cured by an amending Act. The Board or Court might easily be empowered to deal, on its own initiative, with any dispute that it considered injurious to the community, and also to take cognisance, as a dispute, of any wholesale dismissal of workmen, or of any explicit refusal to employ members of a duly registered association.

It is accordingly on the side of the Doctrine of a Living Wage that the present policy of Trade Unionism will require most extension. Democratic public opinion will expect each trade to use its strategic position to secure the conditions necessary for the fulfilment of its particular social function in the best possible way—to obtain, that is to say, not what will be immediately most enjoyed by the “average sensual man,” but what, in the long run, will most conduce to his efficiency as a professional, a parent, and a citizen. This will involve some modification of Trade Union policy. Powerful Trade Unions show no backwardness in exacting the highest money wages that they know how to obtain ; but even the best organised trades will at present consent, as a part of their bargain with the employer, to work for excessive and irregular hours, and to put up with unsafe, insanitary, indecent, and hideous surroundings.<sup>1</sup> In all the better-paid crafts in the England of to-day, shorter and more regular hours, greater healthfulness, comfort, and refinement in the conditions of work, and the definite provision of periodical holidays for recreation and travel, are, in the interests of industrial and civic efficiency, more urgently required than a rise in the Standard Rate. Such an application of the Doctrine of a Living Wage will involve, not only a growth of deliberate foresight and self-control among the rank and file, but also a development of capacity in the Civil Service of the Trade Union movement. To haggle over an advance in wages is within the capacity of any labor leader ; to suggest to the employer and the legislature the “special rules” calculated to ensure the maximum comfort to the operatives, and cause the minimum cost and inconvenience to the industry, demands a higher degree of technical expertness.<sup>2</sup>

Nor is it enough for each trade to maintain and raise its own Standard of Life. Unless the better-paid occupations are to be insidiously handicapped in the competition for the

<sup>1</sup> See Part II, chap. vi. “The Normal Day,” and chap. vii. “Sanitation and Safety.”

<sup>2</sup> See Part II, chap. vii. “Sanitation and Safety.”

home and foreign market, it is, as we have demonstrated,<sup>1</sup> essential that no one of the national industries should be permitted to become parasitic by the use of subsidised or deteriorating labor. Hence the organised trades are vitally concerned in the abolition of "sweating" in all occupations whatsoever, whether these compete with them for custom by manufacturing for the same demand, or for the means of production by diverting the organising capacity and capital of the nation. And this self-interest of the better-paid trades coincides, as we have seen, with the welfare of the community, dependent as this is on securing the utmost development of health, intelligence, and character in the weaker as well as in the stronger sections. Thus we arrive at the characteristic device of the Doctrine of a Living Wage, which we have termed the National Minimum—the deliberate enforcement, by an elaborate Labor Code, of a definite quota of education, sanitation, leisure, and wages for every grade of workers in every industry.<sup>2</sup> This National Minimum the public opinion of the democratic state will not only support, but positively insist on for the common weal. But public opinion alone will not suffice. To get the principle of a National Minimum unreservedly adopted; to embody it in successive Acts of Parliament of the requisite technical detail; to see that this legislation is properly enforced; to cause the regulations to be promptly and intelligently adapted to changes in the national industry, requires persistent effort and specialised skill. For this task no section of the community is so directly interested and so well-equipped as the organised trades, with their prolonged experience of industrial regulation and their trained official staff. It is accordingly upon the Trade Unions that the democratic state must mainly rely for the stimulus, expert counsel, and persistent watchfulness, without which a National Minimum can neither be obtained nor enforced.

<sup>1</sup> Part III. chap. iii. "The Economic Characteristics of Trade Unionism" under the heading "Parasitic Trades."

<sup>2</sup> *Ibid.* under the heading "The National Minimum."

This survey of the changes required in Trade Union policy leads us straight to a conclusion as to the part which Trade Unionism will be expected to play in the management of the industry of a democratic state. The interminable series of decisions, which together make up industrial administration, fall into three main classes. There is, first, the decision as to what shall be produced—that is to say, the exact commodity or service to be supplied to the consumers. There is, secondly, the judgment as to the manner in which the production shall take place, the adoption of material, the choice of processes, and the selection of human agents. Finally, there is the altogether different question of the conditions under which these human agents shall be employed—the temperature, atmosphere, and sanitary arrangements amid which they shall work, the intensity and duration of their toil, and the wages given as its reward.

To obtain for the community the maximum satisfaction it is essential that the needs and desires of the consumers should be the main factor in determining the commodities and services to be produced. Whether these needs and desires can best be ascertained and satisfied by the private enterprise of capitalist profit-makers, keenly interested in securing custom, or by the public service of salaried officials, intent on pleasing associations of consumers (as in the British Co-operative Movement) or associations of citizens (the Municipality or the State), is at present the crucial problem of democracy. But whichever way this issue may be decided, one thing is certain, namely, that the several sections of manual workers, enrolled in their Trade Unions, will have, under private enterprise or Collectivism, no more to do with the determination of what is to be produced than any other citizens or consumers. As manual workers and wage-earners, they bring to the problem no specialised knowledge, and as persons fitted for the performance of particular services, they are even biassed against the inevitable changes in demand which characterise a



progressive community.<sup>1</sup> This is even more the case with regard to the second department of industrial administration—the adoption of material, the choice of processes, and the selection of human agents. Here, the Trade Unions concerned are specially disqualified, not only by their ignorance of the possible alternatives, but also by their overwhelming bias in favor of a particular material, a particular process, or a particular grade of workers, irrespective of whether these are or are not the best adapted for the gratification of the consumers' desires. On the other hand, the directors of industry, whether thrown up by the competitive struggle or deliberately appointed by the consumers or citizens, have been specially picked out and trained to discover the best means of satisfying the consumers' desires. Moreover, the bias of their self-interest coincides with the object of their customers or employers—that is to say, the best and cheapest production. Thus, if we leave out of account the disturbing influence of monopoly in private enterprise, and corruption in public administration, it would at first sight seem as if we might safely leave the organisation of production and distribution under the one system as under the other to the expert knowledge of the directors of industry. But this is subject to one all-important qualification. The permanent bias of the profit-maker, and even of the salaried official of the Co-operative Society, the Municipality, or the Government Department, is to lower the expense of production. So far as immediate results are concerned, it seems equally advantageous whether this reduction of cost is secured by a better choice of materials, processes, or men, or by some lowering of wages or other worsening of the conditions upon which the human agents are employed. But the democratic state is, as we have seen,<sup>2</sup> vitally interested in upholding the highest possible Standard of Life of all its citizens, and especially of the manual workers who form four-fifths of the whole. Hence the bias of the directors of industry in favor

<sup>1</sup> See Part II. chap. ix. "Continuity of Employment."

<sup>2</sup> See Part III. chap. iii. "The Economic Characteristics of Trade Unionism."

of cheapness has, in the interests of the community, to be perpetually controlled and guided by a determination to maintain, and progressively to raise, the conditions of employment.

This leads us to the third branch of industrial administration—the settlement of the conditions under which the human beings are to be employed. The adoption of one material rather than another, the choice between alternative processes or alternative ways of organising the factory, the selection of particular grades of workers, or even of a particular foreman, may affect, for the worse, the Standard of Life of the operatives concerned. This indirect influence on the conditions of employment passes imperceptibly into the direct determination of the wages, hours, and other terms of the wage contract. On all these matters the consumers, on the one hand, and the directors of industry on the other, are permanently disqualified from acting as arbiters. In our chapter on “The Higgling of the Market”<sup>1</sup> we described how in the elaborate division of labor which characterises the modern industrial system, thousands of workers co-operate in the bringing to market of a single commodity; and no consumer, even if he desired it, could possibly ascertain or judge of the conditions of employment in all these varied trades. Thus, the consumers of all classes are not only biassed in favor of low prices: they are compelled to accept this apparent or genuine cheapness as the only practicable test of efficiency of production. And though the immediate employer of each section of workpeople knows the hours that they work and the wages that they receive, he is precluded by the stream of competitive pressure, transmitted through the retail shopkeeper and the wholesale trader, from effectively resisting the promptings of his own self-interest towards a constant cheapening of labor. Moreover, though he may be statistically aware of the conditions of employment, his lack of personal experience of those conditions deprives him of any real knowledge of their effects. To the brain-working captain

<sup>1</sup> Part III. chap. ii.

of industry, maintaining himself and his family on thousands a year, the manual-working wage-earner seems to belong to another species, having mental faculties and bodily needs altogether different from his own. Men and women of the upper or middle classes are totally unable to realise what state of body and mind, what level of character and conduct result from a life spent, from childhood to old age, amid the dirt, the smell, the noise, the ugliness, and the vitiated atmosphere of the workshop ; under constant subjection to the peremptory, or, it may be, brutal orders of the foreman ; kept continuously at laborious manual toil for sixty or seventy hours in every week of the year ; and maintained by the food, clothing, house-accommodation, recreation, and family life which are implied by a precarious income of between ten shillings and two pounds a week. If the democratic state is to attain its fullest and finest development, it is essential that the actual needs and desires of the human agents concerned should be the main considerations in determining the conditions of employment.<sup>1</sup> Here, then, we find the special function of the Trade Union in the administration of industry. The simplest member of the working-class organisation knows at any rate where the shoe pinches. The Trade Union official is specially selected by his fellow-workmen for his capacity to express the grievances from which they suffer, and is trained by his calling in devising remedies for them. But in expressing the desires of their members, and in insisting on the necessary reforms, the Trade Unions act within the constant friction-brake supplied by the need of securing employment. It is always the consumers, and the consumers alone, whether they act through profit-making entrepreneurs or through their own salaried officials, who determine how many of each particular grade of workers they care to employ on the conditions demanded.<sup>2</sup>

Thus, it is for the consumers, acting either through

<sup>1</sup> See Part II. chap. v. "The Standard Rate," and chap. iii. "Arbitration."

<sup>2</sup> This was the conclusion also of Fleeming Jenkin's mathematical analysis of abstract economics. "It is the seller of labor who determines the price, but it is

capitalist entrepreneurs or their own salaried agents, to decide what shall be produced. It is for the directors of industry, whether profit-makers or officials, to decide how it shall be produced, though in this decision they must take into account the objections of the workers' representatives as to the effect on the conditions of employment. And, in the settlement of these conditions, it is for the expert negotiators of the Trade Unions, controlled by the desires of their members, to state the terms under which each grade will sell its labor. But above all these, stands the community itself. To its elected representatives and trained Civil Service is entrusted the duty of perpetually considering the permanent interests of the State as a whole. When any group of consumers desires something which is regarded as inimical to the public wellbeing—for instance, poisons, explosives, indecent literature, or facilities for sexual immorality or gambling—the community prohibits or regulates the satisfaction of these desires. When the directors of industry attempt to use a material, or a process, which is regarded as injurious—for instance, food products so adulterated as to be detrimental to health, ingredients poisonous to the users, or processes polluting the rivers or the atmosphere—their action is restrained by Public Health Acts. And when the workers concerned, whether through ignorance, indifference, or strategic weakness, consent to work under conditions which impair their physique, injure their intellect, or degrade their character, the community has, for its own sake, to enforce a National Minimum of education, sanitation, leisure, and wages. We see, therefore, that industrial administration is, in the democratic state, a more complicated matter than is naïvely imagined by the old-fashioned capitalist, demanding the "right to manage his own business in his own way." In each of its three divisions, the interests and will of one or other section is the dominant factor. But no section

the buyer who determines the number of transactions. Capital settles how many men are wanted at given wages, but labor settles what wages the man shall have."—"Graphic Representation of the Laws of Supply and Demand," by Fleeming Jenkin, in *Recess Studies* (Edinburgh, 1870), p. 184.



wields uncontrolled sway even in its own sphere. The State is a partner in every enterprise. In the interests of the community as a whole, no one of the interminable series of decisions can be allowed to run counter to the consensus of expert opinion representing the consumers on the one hand, the producers on the other, and the nation that is paramount over both.<sup>1</sup>

It follows from this analysis that Trade Unionism is not merely an incident of the present phase of capitalist industry, but has a permanent function to fulfil in the democratic state.

<sup>1</sup> Some of the ablest Trade Union officials have already arrived at practically this analysis. Thus, the last annual report of the Amalgamated Society of Engineers, written by Mr. George Barnes, the new General Secretary, contains an interesting exposition of the modern Trade Union view as to the respective functions of the employers and the workmen in industrial administration. The interest of the wage-earners and that of the community are, it is argued, identical, "inasmuch as it is of public importance that a high standard of wages, and therefore a high purchasing power, should be maintained. The employer, on the other hand, claims absolute freedom to exercise authority in the selection and placing and paying of workmen, because he says he provides the machinery and plant. But he forgets that this freedom in the conduct generally of business has long since been taken away from him, and that he now only has liberty to conduct industrial enterprise in accordance with public opinion, as embodied in Parliamentary enactment and the pressure of Trade Unionism. As a result of these humanising influences, hours of labor have been reduced, boy-labor curtailed, machinery fenced, and workshops cleansed. In short, competition has been forced up to a higher plane with immense advantage to the commonweal, so that the employer's plea 'to do what he likes with his own' is somewhat out of date, and cannot be sustained. We are willing, however, to admit that in certain directions both employer and employed should have freedom of action. Our society, for instance, has never questioned the right of the employer to terminate contracts, to select and discriminate between workmen, and to pay according to merit or skill. But it has stipulated, and has a right to stipulate, for the observance of a standard or minimum wage as a basis. And if, as has been stated by the Employers' Council, the introduction of machinery has simplified production, and widened the difference as between the skill of the machine and the hand operative, then the wage of the handicraftsmen should be proportionately increased. The introduction of machinery increases as well as simplifies production, and here, surely, is sufficient gain for the employer and the purchaser, without trenching upon the wage of the worker, whose needs remain the same whether tending a machine or using his tools by hand. Upon this ground we base our claim, but, convinced as we are that this, like most other questions, must ultimately be settled in accord with the common interest, and believing as we do in the wisdom contained in the utterance of the late Lord Derby that 'the greatest of all interests is peace,' we are willing to leave the matter to the arbitrament of a public and impartial authority, aided by technical knowledge from each side."—*Amalgamated Society of Engineers, Forty-Sixth Annual Report* (London, 1897), pp. vi.-vii.

Should capitalism develop in the direction of gigantic Trusts, the organisation of the manual workers in each industry will be the only effective bulwark against social oppression. If, on the other hand, there should be a revival of the small master system, the enforcement of Common Rules will be more than ever needed to protect the community against industrial parasitism.<sup>1</sup> And if, as we personally expect, democracy moves in the direction of superseding both the little profit-maker and the Trust, by the salaried officer of the Co-operative Society, the Municipality, and the Government Department, Trade Unionism would remain equally necessary. For even under the most complete Collectivism, the directors of each particular industry would, as agents of the community of consumers, remain biased in favor of cheapening production, and could, as brainworkers, never be personally conscious of the conditions of the manual laborers. And though it may be assumed that the community as a whole would not deliberately oppress any section of its members, experience of all administration on a large scale, whether public or private, indicates how difficult it must always be, in any complicated organisation, for an isolated individual sufferer to obtain redress against the malice, caprice, or simple heedlessness of his official superior. Even a whole class or grade of workers would find it practically impossible, without forming some sort of association of its own, to bring its special needs to the notice of public opinion, and press them effectively upon the Parliament of the nation. Moreover, without an organisation of each grade or section of the producers, it would be difficult to ensure the special adaptation to their particular conditions of the National Minimum, or other embodiment of the Doctrine of a Living Wage, which the community would need to enforce; and it would be impossible to have that progressive and experimental pressing upward of the particular Common Rules of each class, upon which, as we have seen, the maximum productivity of the nation depends. In short, it is essential

<sup>1</sup> See Part II. chap. xii. "The Implications of Trade Unionism."

that each grade or section of producers should be at least so well organised that it can compel public opinion to listen to its claims, and so strongly combined that it could if need be, as a last resort against bureaucratic stupidity or official oppression, enforce its demands by a concerted abstention from work, against every authority short of a decision of the public tribunals, or a deliberate judgment of the Representative Assembly itself.

But though, as industry passes more and more into public control, Trade Unionism must still remain a necessary element in the democratic state, it would, we conceive, in such a development, undergo certain changes. The mere extension of national agreements and factory legislation has already, in the most highly regulated trades, superseded the old guerilla warfare between employers and employed, and transformed the Trade Union official from a local strike leader to an expert industrial negotiator, mainly occupied, with the cordial co-operation of the secretary of the Employers' Association and the Factory Inspector, in securing an exact observance of the Common Rules prescribed for the trade. And as each part of the minimum conditions of employment becomes definitely enacted in the regulations governing the public industries, or embodied in the law of the land, it will tend more and more to be accepted by the directors of industry as a matter of course, and will need less and less enforcement by the watchful officials concerned.<sup>1</sup> The Trade Union function of constantly maintaining an armed resistance to attempts to lower the Standard of Life of its members may be accordingly expected to engage a diminishing share of its attention. On the other hand, its duty of perpetually striving to raise the level of its Common Rules, and thereby increasing the specialised technical efficiency of its craft, will remain unabated. We may therefore expect that, with the progressive nationalisation or municipalisation of public services, on the one hand, and the spread of the Co-operative movement on the other, the Trade Unions of the workers

<sup>1</sup> See Part II. chap. iv. "The Method of Legal Enactment."

thus taken directly into the employment of the citizen-consumers will more and more assume the character of professional associations. Like the National Union of Teachers at the present day, they may even come to be little concerned with any direct bargaining as to sanitation, hours, or wages, except by way of redressing individual grievances, or supplying expert knowledge as to the effect of proposed changes. The conditions of employment depending on the degree of expert specialisation to which the craft has been carried, and upon public opinion as to its needs, each Trade Union will find itself, like the National Union of Teachers, more and more concerned with raising the standard of competency in its occupation, improving the professional equipment of its members, "educating their masters" as to the best way of carrying on the craft, and endeavoring by every means to increase its status in public estimation.<sup>1</sup>

So far our review of the functions of Trade Unionism in the democratic state has taken account only of its part in industrial organisation. But the Trade Unions are turned also to other uses. At present, for instance, they compete with the ordinary friendly societies and industrial insurance companies in providing money benefits in cases of accident, sickness, and death, together with pensions for the aged.<sup>2</sup> This is the side of Trade Unionism which commonly meets with the greatest approval, but it is a side that, in our opinion, is destined to dwindle. As one class of invalids after another is taken directly under public care, the friendly benefits provided by the Trade Unions will no longer be necessary to save their members from absolute destitution.

<sup>1</sup> The industry with which the National Union of Teachers is mainly concerned—elementary school-keeping—has, within a couple of generations, entirely passed out of the domain of profit-making into that of a public service. The Union (established 1870, membership at end of 1896, 36,793) has thus grown up under a Collectivist organisation, and a comparison between its functions and those of the manual workers' Trade Unions is full of interest and significance. Its admirably compiled and elaborate *Annual Reports* afford constant illustrations of the above inferences.

<sup>2</sup> See Part II. chap. i. "The Method of Mutual Insurance."



With any general system of compensation for industrial accidents, provided or secured by the state itself, the costly "accident benefit" hitherto given by Trade Unions will become a thing of the past. The increasing use in sickness of hospitals and convalescent homes, the growing importance of isolation and skilled nursing, and the gratuitous provision in public institutions of the highest medical skill—adopted for reasons of public health—will incidentally go far to relieve working-class families of the intolerable strain of periods of bodily incapacity.<sup>1</sup> Any Government scheme of Old Age Pensions, such, for instance, as that proposed by Mr. Charles Booth, would absolve the Trade Unions from their present attempts, in the form of superannuation benefit, to buy off the undercutting of the Standard Rate of wages by their aged members. It is not that State provision against the absolute destitution caused by accident, sickness, or old age, will supersede, or even diminish, individual saving. On the contrary, it is one of the grounds on which Mr. Charles Booth and others advocate these measures,<sup>2</sup> that the state pension, by ensuring something to build on, will positively stimulate thrift. But this supplementary saving, to provide the little comforts and amenities beyond the state allowance, will, in our opinion, not be made through the Trade Union. As the manual workers advance in intelligence and foresight,

<sup>1</sup> There is no reason why the burial of the dead should not—to the great economic advantage of all concerned—become a public service and a common charge. Probably a majority of all the funerals in the United Kingdom already take place at the public expense, and the provision of burial grounds, once a common form of profit-making enterprise, is becoming almost exclusively a public function. In Paris, as is well known, the service of burial is performed by a strictly regulated and licensed monopolist corporation, virtually public in character.

<sup>2</sup> On Old Age Pensions, see "The Reform of the Poor Law," by Sidney Webb in *Contemporary Review*, July 1890, republished as Fabian Tract No. 17, March 1891; the paper on "Enumeration and Classification of Paupers, and State Pensions for the Aged," by Charles Booth, read before the Statistical Society, December 1891, and republished as *Pauperism, a Picture and Endowment of Old Age, an Argument* (London, 1892); and *Pensions and Pauperism*, by the Rev. J. Frome Wilkinson (London, 1892). These proposals must be distinguished from schemes of insurance, or making the poor provide their own pension, as to which see Part II. chap. xii. "The Implications of Trade Unionism."

they will more and more realise that a Trade Union, however honestly and efficiently administered, is, of necessity, financially unsound as a friendly society. Hitherto the actuarial defects of the friendly society side of Trade Unionism have been far outweighed by the adventitious advantages which it brought to the organisation in attracting recruits, rolling up a great reserve fund, and ensuring discipline. But in the democratic state these adventitious aids will no longer be necessary. The Trade Union will be a definitely recognised institution of public utility to which every person working at the craft will be imperatively expected, even if not (as is already the case with regard to the appointment of a checkweigher),<sup>1</sup> legally compelled to contribute. With Trade Union membership thus virtually or actually compulsory, Trade Union leaders will find it convenient to concentrate their whole attention on the fundamental purposes of their organisation, and to cede the mere insurance business to the Friendly Societies. Thus, with the complete recognition of Trade Unionism as an essential organ of the democratic state, the Friendly Societies and Mutual Insurance Companies, confining themselves to the co-operative provision of larger opportunities and additional amenities to the aged, sick, or injured workman, will be relieved from the competition of actuarially defective trade societies, and may therefore be expected to expand and consolidate their own position as an indispensable part of social organisation.

To this decay of the friendly society side of Trade Unionism there will probably be one exception. In the democratic state the evil effects of the alternate expansions and contractions of demand will doubtless be mitigated by the increasing regulation and concentration of industry, if not also, as some would say, by the substitution, for the speculative middleman, of the salaried official of the consumers. But the inevitable fluctuations in the consumers'

<sup>1</sup> See Part II. chap. ii. "The Method of Collective Bargaining," and chap. v. "The Standard Rate."

own tastes, together with the vicissitudes of harvests, will at all times leave some workmen in some trades or in some districts temporarily unemployed. Hence the Out of Work Benefit, or Donation, will form a permanent feature of the democratic state. This provision for temporarily unemployed craftsmen,—to be carefully distinguished from persons falling below the standard of the National Minimum, or the unemployable—can, as we have suggested, be best administered by the Trade Union. Even when, as in times of severe depression, or in cases of supersession by a new invention, some assistance of the temporarily unemployed is given from public funds, it will probably be most economical for it to take the form of a capitation grant to the Trade Union, so calculated that the allowance to each unemployed member is shared between the government and the distributing association.

But whilst Trade Unionism may be expected to lose some of its present incidental functions, we suggest that the democratic state will probably find it new duties to fulfil. For most of the purposes of government, including registration, taxation, the general education of the young, and the election of representatives, the classification of the citizens into geographical districts according to their place of abode is, no doubt, the most convenient form. But there are other purposes for which the geographical organisation may usefully be supplemented by an organisation according to professional occupations. The technical instruction of our craftsmen would, for instance, gain enormously in vigor and reality if the Trade Unions were in some way directly associated with the administration of the technological classes relating to their particular trades. Even now Trade Union committees sometimes render admirable service by watchful supervision of trade classes, by suggestion and criticism, and by practically requiring their apprentices to attend. And once it becomes clearly understood all round that the object of Technical Education is not, by increasing the number of craftsmen, to lower wages, but, by increasing

the competence of those who have already entered the various trades, positively to raise their Standard of Life, the Trade Unions and the community as a whole will be seen to have an identical interest in the matter. There is, in fact, no reason why a Trade Union should not be treated as a local administrative committee of the Technical Education Authority, and allowed, under proper supervision, to conduct its own technological classes with public funds.<sup>1</sup> In other directions, too, such as the compilation of statistics relating to particular occupations, and the dissemination of information useful to members of particular crafts, the democratic state will probably make increasing use of Trade Union machinery.

Finally, there is the service of counsel. On all issues of industrial regulation, whether in their own or other trades, the Trade Union officials will naturally assume the position of technical experts, to whom public opinion will look for guidance. But industrial regulation is not the only matter on which a democratic state needs the counsels of a working-class organisation. Whenever a proposal or a scheme touches the daily life of the manual-working wage-earner, the representative committees and experienced officials of the Trade Union world are in a position to contribute information and criticism, which are beyond the reach of any other class. They are, of course, ignorant, if not incapable, of the complications and subtleties of the law. Their suggestions are one-sided and often impracticable, and their opinion can never be accepted as decisive. But whenever a minister has to deal with such questions as the Housing of the People or the Regulation of the Liquor Traffic, the administration of the law by magistrates or county-court judges, the un-

<sup>1</sup> There seems much to be said for combining trade classes with the provision for the temporarily unemployed. A large proportion of the unemployed printers, for instance, who hang about the office of the London Society of Compositors waiting for a "call" from an employer, are very indifferent workmen, often young men who have "picked up" the trade without any really educational apprenticeship. There would be much advantage if their Out of Work Donation were made conditional on their spending the idle time in perfecting themselves at their craft.



employed or the unemployable, the working of the Education Acts and the Poor Law, or, to pass into quite another department of the public service, the organisation of popular recreation and amusement, he will find himself obliged, if he wishes to make his legislation or administration genuinely successful, to discover the desires and needs of the manual workers, as represented by the committees and officials whom they elect.

This examination of the function of Trade Unionism brings us face to face with its inherent limitations. Trade Unionism, to begin with, does not furnish any complete scheme of distribution of the community's income. The Device of the Common Rule, can, by its very nature, never reach any other part of the product than the minimum applicable to the worst as well as to the best establishment for the time being in use. It leaves untouched, as we have shown,<sup>1</sup> all that large proportion of the aggregate income which is the equivalent of the differential advantages of the various factors of production above the marginal level, whether their superiority lies in soil or site, machinery or organisation, intellect or physical strength. In short, as between different localities, different establishments, or different individuals, Trade Unionism leaves unaffected everything in the nature of economic rent. And even if we imagine each branch of productive industry throughout the community to be amalgamated into a single capitalist trust or government department, each grade or section of manual workers would find itself receiving, not an aliquot part of the total produce, but a wage depending either on the minimum necessary for the efficient fulfilment of its particular function, or, for all the grades above the National Minimum, upon the degree of technical specialisation, and therefore of relative scarcity, to which it had brought its particular service. The disposal of the balance of the product—the administration, that is to say, of the rent of land and capital—must, under

<sup>1</sup> Part III. chap. iii. "The Economic Characteristics of Trade Unionism," under the heading "The Device of the Common Rule."

any system of society, fall to the owners of the material instruments of production.

Now, Trade Unionism has no logical connection with any particular form of ownership of land and capital, and the members of British Trade Unions are not drawn, as Trade Unionists, unreservedly either towards Individualism or towards Collectivism. Certain sections of the Trade Union world, as we have pointed out in our chapter on "The Implications of Trade Unionism,"<sup>1</sup> find that they can exact better terms from the capitalist employer than would be likely to be conceded to them by a democratic government department. Other sections, on the contrary, see in the extension of public employment the only remedy for a disastrous irregularity of work and all the evils of sweating. This divergence of immediate interests between different sections of producers will inevitably continue. But the nationalisation or municipalisation of any industry—the taking over of the telephones, ocean cables, railways, or mines by the central government, or the administration of slaughter-houses, tramways, river steamboats, or public-houses by the Town Council—has to be determined on wider issues than the sectional interests of the wage-earners employed. It is in their capacity of citizens, not as Trade Unionists, that the manual workers will have to decide between the rival forms of social organisation, and to make up their minds as to how they wish the economic rent of the nation's land and capital to be distributed. And though, in this, the most momentous issue of modern democracy, the manual workers will be influenced by their poverty in favor of a more equal sharing of the benefits of combined labor,<sup>2</sup> they will, by their Trade Unionism, not be biassed in favor of any particular scheme of attaining this result outside their own Device of the Common Rule. And when we pass from the ownership of the means

<sup>1</sup> Part II. chap. xii.

<sup>2</sup> "The social problem of the future we considered to be, how to unite the greatest individual liberty of action with a *common ownership in the raw material of the globe, and an equal participation of all in the benefits of combined labor.*"—John Stuart Mill, *Autobiography* (London, 1879), p. 232.

of production and the administration of industry to such practical problems as the best form of currency or the proper relation between local and central government, or to such vital questions as the collective organisation of moral and religious teaching, the provision for scholarship and science and the promotion of the arts—not to mention the sharper issues of "Home Rule" or foreign affairs—the members of the Trade Union world have no distinctive opinion, and their representatives and officials no special knowledge. We may therefore infer that the wage-earners will, in the democratic state, not content themselves with belonging to their Trade Union, or even to any wider organisation based on a distinction of economic class. Besides their distinctive interests and opinions as wage-earners and manual workers, they have others which they share with persons of every grade or occupation. The citizen in the democratic state, enrolled first in his geographical constituency, will take his place also in the professional association of his craft; but he will go on to combine in voluntary associations for special purposes with those who agree with him in religion or politics, or in the pursuit of particular recreations or hobbies.

These considerations have a direct bearing on the probable development of Trade Union structure. In the first part of this work we described<sup>1</sup> how, in spite of historical tradition, in spite of crude ideas of democracy suited only to little autonomous communities, and in spite of a strong prejudice in favor of local exclusiveness, the Trade Union world has, throughout its whole history, manifested an overpowering impulse to the amalgamation of local trade clubs into national unions, with centralised funds and centralised administration. The economic characteristics of Trade Unionism revealed to us the source of this impulse in the fundamental importance to each separate class of operatives that its occupation should

<sup>1</sup> Part I. chap. i. "Primitive Democracy," chap. ii. "Representative Institutions," chap. iii. "The Unit of Government."

be governed by its own Common Rules, applicable from one end of the kingdom to the other. This centralisation of administration, involving the adoption of a national trade policy, and, above all, the constant levelling-up of the lower-paid districts to the higher standard set in more advantageous centres, requires, it is clear, the development of a salaried staff, selected for special capacity, devoting their whole attention to the commercial position and technical details of the particular section of the industry that they represent, and able to act for the whole of that section throughout the nation. It is, as we saw in our chapter on "The Method of Collective Bargaining,"<sup>1</sup> because of the absence of such a staff that so few of the Trade Unions of the present day secure national agreements, or enforce with uniformity such Common Rules as they obtain. The Trade Union of the future will, therefore, be co-extensive with its craft, national in its scope, centralised in its administration, and served by an expert official staff of its own.

This consolidation of authority in the central office of the national union for each craft will be accompanied by an increased activity of the branches. In our description of Trade Union Structure,<sup>2</sup> we saw that the crude and mechanical expedients of the Initiative and the Referendum were being steadily replaced, for all the more complicated issues of government, by an organic differentiation of representative institutions. So long as a union was contented with Government by Referendum all that was necessary was an ambulatory ballot-box by which an unemployed member collected "the voices" of each factory or each pit. When a representative is appointed, the branch meeting affords the opportunity for ascertaining the desires of his constituents, impressing upon them his own advice, and consulting with them in any emergency. The branch thus becomes the local centre of the union's intellectual life. At the same time it retains and even extends its

<sup>1</sup> Part II. chap. ii.

<sup>2</sup> Part I. chap. i. "Primitive Democracy," and chap. ii. "Representative Institutions."



functions as a jury or local administrative committee. For even if the Trade Union gradually discards its purely "friendly" benefits, the branch will have to administer the all-important Out of Work Donation, supplemented, as this may be, by a grant from public funds. And with the increasing use which the democratic state may make of Trade Union machinery, it will be the branch, and not the central office, that will be charged with conducting technical classes, collecting statistics, or disseminating information. Finally, when the Trade Union world desires to make use of the Method of Legal Enactment,<sup>1</sup> or to supervise the conditions of employment granted by local governing bodies, the network of branches pervading every district affords, as we have seen, the only practicable way of superposing an organisation by constituencies on an organisation by trades.

There is one direction in which the branch (or, in the larger centres, the district committee representing several branches) will find this increase of work accompanied by a decrease of autonomy. The central executive and the salaried officials at the head office of each craft will be principally occupied in securing national minimum conditions of employment throughout the country. It will be for the branches and their district committees to be constantly considering the particular needs and special opportunities of their own localities. But the fact that the cost of any "advance movement" falls upon the funds of the union as a whole makes it imperative that no dispute should be begun, and even that no claim should be made, until the position has been carefully considered by the central executive representing the whole society. This precept of democratic finance is made more imperative by every consolidation of the forces of capital. It is obvious that if the demand of the branches in one town for an advance of wages or reduction of hours is liable to be met by a lock-out of the whole trade throughout the country, a union which permits its local branches to involve it in war at

<sup>1</sup> See Part II. chap. iv. "The Method of Legal Enactment."

their own uncontrolled discretion simply courts disaster. In matters of trade policy the branches or district committees, whilst undertaking even more of the work of supervision, local interpretation, and suggestion, must definitely give up all claim to autonomy.<sup>1</sup>

The need for centralisation of authority, as an inevitable consequence of centralisation of funds, is not the only lesson in structure that the Trade Unions have derived from their experience, or will learn as they realise their full function in the democratic state. In our chapter on "Inter-Union Relations"<sup>2</sup> we pointed out that the amalgamation of different sections into a single society may easily be carried too far. The formation of a central fund, filled by equal contributions from all the members, inevitably leads to equality of franchise and government by the numerical majority. So long as the interests of all the members are fairly identical, this majority rule, where efficient representative machinery has been developed, is the most feasible contrivance for uniting administrative efficiency with popular control. But whenever the association contains several distinct classes of workers, having different degrees of skill, divergent standards of expenditure, and varying needs and opportunities, experience shows that any scheme of equalised finance and centralised administration produces, even with the best democratic machinery, neither efficiency nor the consciousness of popular control, and hence is always in a condition of unstable equilibrium. The several minorities, keenly alive to their separate requirements and opportunities, are always feeling themselves thwarted in pushing their own interests, and deprived of any effective control over the conditions of their own lives. In voluntary associations the result is a perpetual tendency to secession, each distinct section aiming at Home Rule by setting up for itself as a separate national union. This limitation on the process of amalgamation, arising out of the conditions of democratic

<sup>1</sup> See Part I. chap. iii. "The Unit of Government."

<sup>2</sup> Part I. chap. iv.

structure, is fortified, as we can now see, by economic considerations.<sup>1</sup> The largest income for the wage-earners, and the highest efficiency of industry, will, as we have pointed out, be secured not by any uniform wage for manual labor as such, or for all the operatives in any industry, but by each distinct section of workers using the Device of the Common Rule to raise to the utmost its own conditions of employment. This persistent pushing forward of each class of operatives, constantly imperilled, as it must be, by a rise in the price of the product and a diminution of demand for some particular section of labor, can be undertaken, it will be obvious, only at the risk and cost of that section, and therefore, in practice, on its own initiative, untrammelled by the votes of other sections. We may therefore expect, in the democratic state, not a single association of the whole wage-earning class, nor yet a single amalgamated union for each great industry, but separate organisations for such of the various sections of producers as are so far specialised from others as to possess and require separate Common Rules of their own.

These separate national organisations will, however, clearly have many interests in common. In such matters as cubic space, ventilation, temperature, sanitary conveniences, precautions against fire, fencing of machinery, and, last but by no means least, the fixing and distribution of the Normal Day, the conditions of employment must, in the majority of manufacturing industries, be identical for all the grades of labor in each establishment. Even for Collective Bargaining they must necessarily develop some federal machinery for concerting identical demands upon their common employers, and for supporting them by joint action. Moreover, as we have pointed out, in all questions of this sort, the democratic state will be influenced in the main by the Doctrine of a Living Wage, and they will accordingly tend more and more to be settled on physiological grounds and enforced by the Method of Legal Enactment. It is unnecessary

<sup>1</sup> Part III. chap. iii. "The Economic Characteristics of Trade Unionism."

to repeat that for any effective use of this Method in a Parliamentary community, organisation by crafts is practically useless, unless it is supplemented by a geographical organisation by constituencies. Hence we see rising in the Trade Union world not only federal action among groups employed in one establishment, such as the joint committees of the building trades, but also such political federations as the United Textile Factory Workers' Association, the local Trades Councils, and the Trade Union Congress. But the economic analysis of the Common Rule has shown us that there is a third, and even more important, reason for this federal action between different trades. It will, as we have seen, be a primary duty of the Trade Unions in the democratic state to maintain and progressively to raise, not their own Common Rules alone, but also the National Minimum for the whole wage-earning class. To the national amalgamation of each section, and the federal union of the different sections in each great industry, there must be added a federation of the whole Trade Union world.

Our vision of the sphere of Trade Unionism in the democratic state does more than explain the development of the Trade Union world into a hierarchy of federations. It gives us also its political programme. The weakness and inefficiency of the existing Trades Councils and Trade Union Congress spring, as we have pointed out, not only from their extremely imperfect structure, but also from an entire misapprehension of their proper function.<sup>1</sup> In spite of the fact that Trade Unionists include men of all shades of political opinion,—Conservatives from Lancashire, Liberals from Scotland, Socialists from London and Yorkshire,—the federal organisations of the British Trade Unions of to-day are perpetually meddling with wide issues of general politics, upon which the bulk of their constituents have either no opinions at all, or are marshalled in the ranks of one or another of the political parties. Resolutions abolishing the House of Lords, secularising education,

<sup>1</sup> See Part II. chap. iv. "The Method of Legal Enactment."



rehabilitating silver, establishing a system of peasant proprietorship, enfranchising leaseholds, or "nationalising the means of production, distribution, and exchange,"—questions in which the Trade Unionists, as such, are not more interested, not better informed, nor yet more united than other citizens,—find a place on Trade Union agendas, and either get formally passed through sheer indifference, or become the source of discord, recrimination, and disruption. This waste of time and dissipation of energy over extraneous matters arises, we think, mainly from the absence of any clearly conceived and distinctive Trade Union programme. In the democratic state of the future the Trade Unionists may be expected to be conscious of their own special function in the political world, and to busy themselves primarily with its fulfilment. First in importance to every section we put the establishment of a National Minimum of education, sanitation, leisure, and wages, its application to all the conditions of employment, its technical interpretation to fit the circumstances of each particular trade, and, above all, its vigorous enforcement, for the sake of the whole wage-earning world, in the weak trades no less than in those more able to protect themselves. But the systematic rehandling of the Factories and Workshops, Mines, Railways, Shops, and Merchant Shipping Acts, which is involved in this conception of a National Minimum, will, as we have explained, only secure the base of the pyramid. Upon this fundamental ground level each separate craft will need to develop such technical regulations of its own as are required to remove any conditions of employment which can be proved to be actually prejudicial to the efficiency of the operatives concerned. On all these points, as we have seen, the claim of any particular section for the help of the law may not only advantageously be supported by all the other trades, but may also profitably be conceded by the representatives of the community. And since the utmost possible use of the Method of Legal Enactment will, as we have seen, still permanently leave a large sphere for the Method of Collective Bargaining, there must

be added to the political programme of the federated unions all that we have described as the Implications of Trade Unionism.<sup>1</sup> The federal executive of the Trade Union world would find itself defending complete freedom of association, and carefully watching every development of legislation or judicial interpretation to see that nothing was made criminal or actionable, when done by a Trade Union or its officials, which would not be criminal or actionable if done by a partnership of traders in pursuit of their own gain. And the federal executive would be on its guard, not only against a direct attack on the workmen's organisations, but also against any insidious weakening of their influence. It would insist on the legal prohibition of all forms of truck, or deductions from wages, including fines, loom-rent, and payments to national insurance funds or employers' benefit societies. Above all, it would resist any attempt on the part of the employer to transform the workman's home into a workshop, and thus escape the responsibility for the carrying out of the conditions of employment embodied in the law of the land. With a programme of this kind, the federal executive would find itself backed by the whole force of the Trade Union world, which would thus contribute to the councils of the nation that technical knowledge and specialist experience of manual labor without which the regulation of industry can become neither popular nor efficient.

The student of political science will be interested in considering what light the experience of the workmen's organisations throws upon democracy itself. The persistence of Trade Unionism, and its growing power in the state, indicates, to begin with, that the very conception of democracy will have to be widened, so as to include economic as well as political relations. The framers of the United States constitution, like the various parties in the French Revolution of 1789, saw no resemblance or analogy between the personal power which they drove from the castle, the altar, and the throne, and that which they left

<sup>1</sup> Part II. chap. xii. and Appendix I. as to the legal position.

unchecked in the farm, the factory, and the mine. Even at the present day, after a century of revolution, the great mass of middle and upper-class "Liberals" all over the world see no more inconsistency between democracy and unrestrained capitalist enterprise, than Washington or Jefferson did between democracy and slave-owning. The "dim, inarticulate" multitude of manual-working wage-earners have, from the outset, felt their way to a different view. To them, the uncontrolled power wielded by the owners of the means of production, able to withhold from the manual worker all chance of subsistence unless he accepted their terms, meant a far more genuine loss of liberty, and a far keener sense of personal subjection, than the official jurisdiction of the magistrate, or the far-off, impalpable rule of the king. The captains of industry, like the kings of yore, are honestly unable to understand why their personal power should be interfered with, and kings and captains alike have never found any difficulty in demonstrating that its maintenance was indispensable to society. Against this autocracy in industry, the manual workers have, during the century, increasingly made good their protest. The agitation for freedom of combination and factory legislation has been, in reality, a demand for a "constitution" in the industrial realm. The tardy recognition of Collective Bargaining and the gradual elaboration of a Labor Code signifies that this Magna Carta will, as democracy triumphs, inevitably be conceded to the entire wage-earning class. "One thing is clear," wrote, in 1869, a hostile critic; "the relation between workmen and their employers has permanently changed its character. The democratic idea which rules in politics has no less penetrated into industry. The notion of a governing class, exacting implicit obedience from inferiors, and imposing upon them their own terms of service, is gone, never to return. Henceforward, employers and their workmen must meet as equals."<sup>1</sup> What has not been so obvious to middle-class observers is the necessary condition of this

<sup>1</sup> *Trade Unionism*, by James Stirling (Glasgow, 1869), p. 55.

equality. Individual Bargaining between the owner of the means of subsistence and the seller of so perishable a commodity as a day's labor must be, once for all, abandoned. In its place, if there is to be any genuine "freedom of contract," we shall see the conditions of employment adjusted between equally expert negotiators, acting for corporations reasonably comparable in strategic strength, and always subject to and supplemented by the decisions of the High Court of Parliament, representing the interests of the community as a whole. Equality in industry implies, in short, a universal application of the Device of the Common Rule.<sup>1</sup>

Besides the imperative lesson that political democracy will inevitably result in industrial democracy, Trade Unionism affords some indications as to the probable working of democratic institutions. We notice, in the first place, that the spontaneous and untrammelled democracies of the workmen show neither desire for, nor tendency to, "one dead level" of equality of remuneration or identity of service. On the contrary, the most superficial study of the Trade Union world makes the old-fashioned merging of all the manual workers into the "laboring class" seem almost ludicrous in its ineptitude. Instead of the classic economist's categories

<sup>1</sup> We attribute to an imperfect appreciation of the change of status many industrial disputes, and a large proportion of the resentment of working-class pretensions manifested by the brain-working and propertied classes. The employer cannot rid himself of the idea that he has bought the whole energy and capacity of the operative within the hours of the working day, just as the slave-owner had bought the whole capacity of his slaves for life. The workman, on the other hand, regards himself as hired to co-operate in industry by performing a definite task, and feels himself defrauded if the employer seeks to impose upon him any extra strain or discomfort, or any different duty, not specified in the bargain. A similar misunderstanding lingers as to social relations. The capitalist is very fond of declaring that labor is a commodity, and the wage contract a bargain of purchase and sale like any other. But he instinctively expects his wage-earners to render him, not only obedience, but also personal deference. If the wage contract is a bargain of purchase and sale like any other, why is the workman expected to touch his hat to his employer, and to say "sir" to him without reciprocity, when the employer meets on terms of equality the persons (often actually of higher social rank than himself) from whom he buys his raw material or makes the other bargains incidental to his trade?



of "the capitalist" and "the laborer," we see Trade Unionism adopting and strengthening the almost infinite grading of the industrial world into separate classes, each with its own corporate tradition and Standard of Life, its own specialised faculty and distinctive needs, and each therefore exacting its own "Rent of Opportunity" or "Rent of Ability." And when we examine the indirect effect of the Trade Union Device of the Common Rule in extinguishing the Small Master system and favoring the growth of the Great Industry,<sup>1</sup> we realise how effectively Trade Unionism extends a similar grading to the brain-working directors of industry. In place of the single figure of the "capitalist entrepreneur" we watch emerging in each trade a whole hierarchy of specialised professionals,—inventors, designers, chemists, engineers, buyers, managers, foremen, and what not,—organised in their own professional associations,<sup>2</sup> and standing midway between the shareholder, taxpayer, or consumer, whom they serve, and the graded army of manual workers whom they direct. Nor does this progressive specialisation of function stop at economic relations. The internal development of the Trade Union world unmistakably indicates that division of labor must be carried into the very structure of democracy. Though the workmen started with a deeply-rooted conviction that "one man was as good as another," and that democracy meant an "equal and identical" sharing of the duties of government, as well as of its advantages, they have been forced to devolve more and more of "their own business" on a specially selected and specially trained class of professional experts. And in spite of the almost insuperable difficulties which

<sup>1</sup> Part III. chap. iii. "The Economic Characteristics of Trade Unionism."

<sup>2</sup> It is not commonly realised how numerous and how varied are these professional associations. Besides the obvious instances of the three "learned professions," organisations of this kind now exist among all grades of brain-workers in almost every department of social life. Not to speak of the architects, surveyors, engineers, actuaries, and accountants, we have such associations as those of the Gasworks Managers, Colliery Managers, School Board Clerks, Sanitary Engineers, Sanitary Inspectors, Medical Officers of Health, Inspectors of Weights and Measures, different varieties of Foremen and Managers, and even Ships' Clerks. No study of these professional associations, or of their extensive Common Rules, has yet been made.

representative institutions present to a community of un-leisured manual workers, we find union after union abandoning the mechanical devices of the Referendum and the Initiative, and gradually differentiating, for the sake of the efficient administration of its own affairs, the Representative from the Civil Servant on the one hand and the Elector on the other. In short, whilst Trade Unionism emphasises the classic dictum of Adam Smith that division of labor increases material production, it carries this principle into the organisation of society itself. If democracy is to mean the combination of administrative efficiency with genuine popular control, Trade Union experience points clearly to an ever-increasing differentiation between the functions of the three indispensable classes of Citizen-Electors, chosen Representatives, and expert Civil Servants.<sup>1</sup>

Thus we find no neat formula for defining the rights and duties of the individual in society. In the democratic state every individual is both master and servant. In the work that he does for the community in return for his subsistence he is, and must remain, a servant, subject to the instructions and directions of those whose desires he is helping to satisfy. As a Citizen-Elector jointly with his fellows, and as a Consumer to the extent of his demand, he is a master, determining, free from any superior, what shall be done. Hence, it is the supreme paradox of democracy that every man is a servant in respect of the matters of which he possesses the most intimate knowledge, and for which he shows the most expert proficiency, namely, the professional craft to which he devotes his working hours; and he is a master over that on which he knows no more than anybody else, namely, the general interests of the community as a whole. In this paradox, we suggest, lies at once the justification and the strength of democracy. It is not, as is commonly asserted by the superficial, that Ignorance rules over Knowledge, and Mediocrity over Capacity. In the administration of society Knowledge and Capacity can make no real and durable progress

<sup>1</sup> See Part I. chaps. i. to iv. "Trade Union Structure."

except by acting on and through the minds of the common human material which it is desired to improve. It is only by carrying along with him the "average sensual man," that even the wisest and most philanthropic reformer, however autocratic his power, can genuinely change the face of things. Moreover, not even the wisest of men can be trusted with that supreme authority which comes from the union of knowledge, capacity, and opportunity with the power of untrammelled and ultimate decision. Democracy is an expedient—perhaps the only practicable expedient—for preventing the concentration in any single individual or in any single class of what inevitably becomes, when so concentrated, a terrible engine of oppression. The autocratic emperor, served by a trained bureaucracy, seems to the Anglo-Saxon a perilously near approach to such a concentration. If democracy meant, as early observers imagined, a similar concentration of Knowledge and Power in the hands of the numerical majority for the time being, it might easily become as injurious a tyranny as any autocracy. An actual study of the spontaneous democracies of Anglo-Saxon workmen, or, as we suggest, of any other democratic institutions, reveals the splitting up of this dangerous authority into two parts. Whether in political or in industrial democracy, though it is the Citizen who, as Elector or Consumer, ultimately gives the order, it is the Professional Expert who advises what the order shall be.<sup>1</sup>

<sup>1</sup> It is here that we discover the answer to Carlyle's question, "How, in conjunction with inevitable Democracy, indispensable Sovereignty is to exist: certainly it is the hugest question ever heretofore propounded to Mankind" (*Past and Present*, Book IV, chap. i. p. 311 of 1843 edition). The student of Austin will probably find, in the industrial democracy of the future, that Sovereignty, in the old sense, is as hard to discover as it already is in the political democracies of to-day (see Professor D. G. Ritchie, *Darwin and Hegel*, London, 1893). Whatever sphere may be allotted to private ownership of land and capital, this will no more carry with it uncontrolled power to fix the conditions of industry, than kingship does of fixing the conditions of citizenship. In modern conceptions of society the old simple division into Sovereign and Subject is entirely superseded by a complex differentiation of social structure and function.

More interesting, perhaps, in the present connection, is Auguste Comte's famous proposal to separate Social Knowledge from Social Power—to differentiate

It is another aspect of this paradox that, in the democratic state, no man minds his own business. In the economic sphere this is a necessary consequence of division of labor; Robinson Crusoe producing solely for his own consumption, being the last man who minded nothing but his own business. The extreme complication brought about by universal production for exchange in itself implies that every one works with a view to fulfilling the desires of other people. The crowding together of dense populations, and especially the co-operative enterprises which then arise, extend in every direction this spontaneous delegation to professional experts of what the isolated individual once deemed "his own business." Thus, the citizen in a modern municipality no longer produces his own food or makes his own clothes; no longer protects his own life or property; no longer fetches his own water; no longer makes his own thoroughfares, or cleans or lights them when made; no longer removes his own refuse or even disinfects his own dwelling. He no longer educates his own children, or doctors and nurses his own invalids. Trade Unionism adds to the long list of functions thus delegated to professional experts the settlement of the conditions on which the citizen will agree to co-operate in the national service. In the fully-developed democratic state, the Citizen will be always minding other people's business. In his professional occupation he will, whether as brain-worker or manual laborer, be continually striving to fulfil the desires of those whom he serves, whilst, as an Elector, in his parish

a class of highly-educated Priests, possessing no authority, from the Administrators, wielding uncontrolled authority under the constant moral influence of this Spiritual Power. This proposal, though embodied in a fantastic form, seems at first sight to approximate to that separation between Expert Knowledge and Ultimate Control which we regard as a necessary condition of Liberty. <sup>6</sup> In reality, however, it would secure no such separation. The Administrators, highly educated, specialised, and constantly acting on affairs, would possess both Knowledge and Power, and would be irresistible. Comte's proposed differentiation is much more that between two separate classes of Experts—the men of pure science, investigating and discovering, and the practical men of action, applying to the affairs of daily life the generalisations of science. In democracy, these two classes of Experts, both absolutely essential to progress, are neither of them entrusted with ultimate decision.



or his co-operative society, his Trade Union or his political association, he will be perpetually passing judgment on issues in which his personal interest is no greater than that of his fellows.

If, then, we are asked whether democracy, as shown by an analysis of Trade Unionism, is consistent with Individual Liberty, we are compelled to answer by asking, What is Liberty? If Liberty means every man being his own master, and following his own impulses, then it is clearly inconsistent, not so much with democracy or any other particular form of government, as with the crowding together of population in dense masses, division of labor, and, as we think, civilisation itself. What particular individuals, sections, or classes usually mean by "freedom of contract," "freedom of association," or "freedom of enterprise" is freedom of opportunity to use the power that they happen to possess; that is to say, to compel other less powerful people to accept their terms. This sort of personal freedom in a community composed of unequal units is not distinguishable from compulsion. It is, therefore, necessary to define Liberty before talking about it, a definition which every man will frame according to his own view of what is socially desirable. We ourselves understand by the words "Liberty" or "Freedom," not any quantum of natural or inalienable rights, but such conditions of existence in the community as do, in practice, result in the utmost possible development of faculty in the individual human being.<sup>1</sup> Now, in this sense democracy is not only consistent with Liberty, but is, as it seems to us, the only way of securing the largest amount of it. It is open to argument whether other forms of government may not achieve a fuller development of the faculties of particular individuals or classes. To an autocrat, untrammelled rule over a whole kingdom may mean an exercise of his individual faculties, and a development of his individual personality, such as no other situation in life would afford. An aristocracy, or

<sup>1</sup> "Liberty, in fact, means just so far as it is realised, the right man in the right place."—Sir John Seeley, *Lectures and Essays*, p. 109.

government by one class in the interests of one class, may conceivably enable that class to develop a perfection in physical grace or intellectual charm attainable by no other system of society. Similarly, it might be argued that, where the ownership of the means of production and the administration of industry are unreservedly left to the capitalist class, this "freedom of enterprise" would result in a development of faculty among the captains of industry which could not otherwise be reached. We dissent from all these propositions, if only on the ground that the fullest development of personal character requires the pressure of discipline as well as the stimulus of opportunity. But, however untrammelled power may affect the character of those who possess it, autocracy, aristocracy, and plutocracy have all, from the point of view of the lover of liberty, one fatal defect. They necessarily involve a restriction in the opportunity for development of faculty among the great mass of the population. It is only when the resources of the nation are deliberately organised and dealt with for the benefit, not of particular individuals or classes, but of the entire community; when the administration of industry, as of every other branch of human affairs, becomes the function of specialised experts, working through deliberately adjusted Common Rules; and when the ultimate decision on policy rests in no other hands than those of the citizens themselves, that the maximum aggregate development of individual intellect and individual character in the community as a whole can be attained.

For our analysis helps us to disentangle, from the complex influences on individual development, those caused by democracy itself. The universal specialisation and delegation which, as we suggest, democratic institutions involve, necessarily imply a great increase in capacity and efficiency, if only because specialisation in service means expertness, and delegation compels selection. This deepening and narrowing of professional skill may be expected, in the fully-developed democratic state, to be accompanied by a growth in culture of which our present

imperfect organisation gives us no adequate idea. So long as life is one long scramble for personal gain—still more, when it is one long struggle against destitution—there is no free time or strength for much development of the sympathetic, intellectual, artistic, or religious faculties. When the conditions of employment are deliberately regulated so as to secure adequate food, education, and leisure to every capable citizen, the great mass of the population will, for the first time, have any real chance of expanding in friendship and family affection, and of satisfying the instinct for knowledge or beauty. It is an even more unique attribute of democracy that it is always taking the mind of the individual off his own narrow interests and immediate concerns, and forcing him to give his thought and leisure, not to satisfying his own desires, but to considering the needs and desires of his fellows. As an Elector—still more as a chosen Representative—in his parish, in his professional association, in his co-operative society, or in the wider political institutions of his state, the “average sensual man” is perpetually impelled to appreciate and to decide issues of public policy. The working of democratic institutions means, therefore, one long training in enlightened altruism, one continual weighing, not of the advantage of the particular act to the particular individual at the particular moment, but of those “larger expediencies” on which all successful conduct of social life depends.

¶ If now, at the end of this long analysis, we try to formulate our dominant impression, it is a sense of the vastness and complexity of democracy itself. Modern civilised states are driven to this complication by the dense massing of their populations, and the course of industrial development. ¶ The very desire to secure mobility in the crowd compels the adoption of one regulation after another, which limit the right of every man to use the air, the water, the land, and even the artificially produced instruments of production, in the way that he may think best. The very discovery of improved industrial methods, by leading to specialisation, makes manual laborer

and brain-worker alike dependent on the rest of the community for the means of subsistence, and subordinates them, even in their own crafts, to the action of others. In the world of civilisation and progress, no man can be his own master. But the very fact that, in modern society, the individual thus necessarily loses control over his own life, makes him desire to regain collectively what has become individually impossible. Hence the irresistible tendency to popular government, in spite of all its difficulties and dangers. But democracy is still the Great Unknown. Of its full scope and import we can yet catch only glimpses. As one department of social life after another becomes the subject of careful examination, we shall gradually attain to a more complete vision. Our own tentative conclusions, derived from the study of one manifestation of the democratic spirit, may, we hope, not only suggest hypotheses for future verification, but also stimulate other students to carry out original investigations into the larger and perhaps more significant types of democratic organisation.



## APPENDICES



## APPENDIX I

### THE LEGAL POSITION OF COLLECTIVE BARGAINING<sup>1</sup>

SINCE 1824-25, when Collective Bargaining with respect to wages and hours was made lawful, and especially since 1871-75, when this right of combined action was extended to all other conditions of employment, the controversy as to the precise legal position of this method of Trade Unionism has turned upon its various incidents. The points at issue have been continually shifting, according as the lawyers have dealt with the different forms of pressure that combination incidentally exercises on other parties. For half a century after the repeal of the Combination Acts in 1824-25, the question seems, in the minds of judges and legislators, always to have been muddled up with that of physical violence. Because angry strikers here and there committed assaults, it was habitually assumed that Trade Unionism practically depended upon, and inevitably involved, personal molestation of one sort or another. With such an assumption any exact discrimination between various forms of compulsion was not to be looked for. This confusion has now been cleared away, so far at least as the judges are concerned. In 1867 Professor Beesly incurred great odium in his own class for pointing out that "a Trade Union murder was neither better nor worse than any other murder." To-day, as Sir Frederick Pollock observes, "there is no doubt that assault and battery, unlawful wounding, riot, unlawful assembly, and other open offences against the Queen's peace, are *equally* offences, whether committed in the course of any trade dispute, or by members of any trade combination, or not."<sup>2</sup> Trade Unionists have, on this point, never asked for any other version of the law.

The confusion of mind just described often led judges and

<sup>1</sup> See Part II. chap. ii. "The Method of Collective Bargaining.

<sup>2</sup> Memorandum in Appendix to Report of the Royal Commission on Labor, C. 7063.

magistrates, down to 1891, to regard as a criminal offence, under the head of "intimidation," any threat or warning uttered by a Trade Unionist to an employer or a non-unionist, even if the consequences alluded to were of the most peaceful kind. This interpretation of the statutes has always been resented by the workmen, and was, in 1891, authoritatively overruled. The point in controversy was, in what the statutory offence of intimidation consisted. "Must intimidation be a threat of something which, if executed, would be a criminal offence against person or tangible property? Or does it include the threat of doing that which would be civilly, though not criminally, wrongful? Or, lastly, can it include the announcement of an intent to do or cause to be done something which, without being in itself wrongful, is capable of putting moral compulsion on the person threatened? A specially constituted Court of Queen's Bench Division, proceeding on the intention of Parliament as shown by the Trade Union Act of 1871 as well as in the Act of 1875, has pronounced the first of these interpretations to be the correct one."<sup>1</sup> "Intimidation" is thus authoritatively narrowed down to a threat of committing a criminal offence against person or tangible property.

So far as violence and intimidation are concerned, the issues have, therefore, been completely settled to the satisfaction of the Trade Unionists. However adverse may be the judicial bias against Trade Unionism, however injurious the judges may think its action, it is now determined that nothing is a criminal offence when done in pursuance of a trade combination, which would not be a criminal offence if done in pursuance of the most conservative or respectable of associations. This can hardly be said to be yet the case with regard to those breaches of public order which are summarily dealt with by the magistrate. It is difficult for any trade dispute to take place, except in the most highly organised unions, without the workmen laying themselves open to such accusations as "obstructing the thoroughfare," or the vague charge of committing acts of annoyance. Contraventions of this kind are committed every day by all sorts and conditions of men, from the excited crowds of stockbrokers in the City down to the gatherings round street-corner preachers. Whether or not they are made the subject of police prosecution, and punished by the magistrate, depends, partly on the magnitude of the offence, but much more on the view taken by the authorities as to the objects of the gathering.

<sup>1</sup> Memorandum in Appendix to Report of the Royal Commission on Labor, C. 7063; see also *Gibson v. Lawson and Curran v. Treleaven*, 1891, 2 Q.B. 545; *Law Quarterly Review*, January 1892, p. 7.



This brings us to the subject of "picketing," which has attracted much more public attention than it deserves.<sup>1</sup> Since 1875 it is clear that workmen are within their legal rights in declining, by concerted action, to enter into contracts of service with a particular employer, or of withdrawing themselves from his service on the termination of their engagements, or after the prescribed notice. The strike, that is to say, is definitely made lawful. The strikers have the same right as any one else to communicate the fact that a strike is in progress to any workmen who are unaware of it, and also to address peaceful persuasions or exhortations to such workmen. It is often forgotten that "picketing" in this sense was specially and expressly legalised by the Act of 1875. "Attending at or near the house or place where a person resides, or works, or carries on business, or happens to be, or the approach to such house or place, in order merely to obtain or communicate information 'shall not,'" declares the statute, "be deemed watching or besetting," however annoying such a practice may be to the employer whose objects are defeated thereby. The practice of picketing has, therefore, received explicit legislative sanction, and any acts committed by Trade Union pickets ought not to be regarded as offences, unless they would equally have been so regarded if they had been committed in pursuance of some admittedly laudable object, such, for instance, as dissuading men from excessive drinking or women from prostitution. This, however, the average magistrate seldom understands. He habitually assumes that strikes, though not criminal, are morally reprehensible; and he chooses, in defiance of the intention of Parliament, to consider the moral suasion of the most peaceful picketing as an unwarranted interference with personal liberty. He is, therefore, often led to regard as criminal, when perpetrated by Trade Unionists, acts of obstruction or annoyance, which would be over-

<sup>1</sup> A clear definition and full description of picketing, from the pen of Mr. Henry Crompton, will be found in the *History of Trade Unionism*, p. 262; see also the article by Mr. George Howell in the *Contemporary Review*, September 1877, and his *Conflicts of Labour and Capital*, 2nd edition (London, 1890). It is interesting to learn from Dr. Gross that "picketing is not a modern invention. In 1614 the Company of Mercers and Ironmongers of Chester ordered T. Aldersey (who had married the niece of an ironmonger) to shut up his shop. He refused, 'soe daie by daie two others (of their Company) walked all daie before the said shop and did forbidd and inhibitt all that came to the said shopp for buyinge any wares there, and stopped such as came to buy wares there.' The Mayor ordered them to depart 'upon their oathe'; they answered that they were sworn to their Company; and so 'they walked and remayned and plaied their wilfull parte.'"—Harl. MS. Brit. Mus. 2054, ff. 89-90, cited in *The Guild Merchant*, vol. i. p. 36 note.

looked in the religious propagandist, the tract distributor, the street hawker, the organ-grinder, a football crowd, or a Salvation Army procession. Such a partial exercise of the necessary magisterial discretion is unjust.

The picketing thus sanctioned by Act of Parliament is, of course, strictly limited in character. In this respect, however, Trade Union picketing stands in exactly the same position as any other informing or persuading, such, for instance, as a group of temperance advocates might use to induce men not to enter a public-house. It must, to begin with, not create any breach of public order, or obstruction of the thoroughfare—matters to be dealt with by the police irrespective of the objects or motives of the persons concerned. It must not infringe the statutory prohibition of "watching or besetting" with a view to compulsion,<sup>1</sup> from which, as we have mentioned, picketing for the purpose merely of obtaining or communicating information is expressly excluded. Finally, Trade Union picketing, like the action of any other group of people acting in concert for the most laudable object, is subject to the vague and indeterminate limits of the law of criminal conspiracy.

But the whole controversy as to violence and intimidation, in connection with Trade Unionism, has really passed out of date. The serious crimes which disgraced the workmen's combinations in Dublin and Glasgow at the beginning of this century, and which lasted in Sheffield down to 1867, have been for many years entirely unknown. Individual workmen still commit assaults when their blood is up, in connection with Trade Union as with all other disputes. So far as Trade Unionism itself is concerned, we do not think that any fair-minded student would hesitate to conclude that, especially for the last thirty years, so far from inciting to or causing crime, it has exercised a wonderful restraining influence. The more strongly organised is the union, the more efficacious is this influence for peace. The most powerful unions of the present day, the most exacting in their demands on the employers, have gone a stage farther, and have laid aside the whole system of picketing, with its intangible annoyance and easy transition into breaches of public order. In the great five months' strike of the Cotton-spinners

<sup>1</sup> "Every person who, *with a view to compel any other person to abstain from doing or to do any act* which such other person has a legal right to do or abstain from doing, wrongfully and without legal authority . . . watches or besets the house or other place where such other person resides or works or carries on business or happens to be, or the approach to such house or place," shall on conviction . . . be liable to a penalty of £20 or three months' imprisonment.—Sec. 7 of Conspiracy and Law of Property Act, 1875.

in 1893, and in the gigantic stoppage of the Miners' Federation in 1894, practically no "pickets" were posted or needed. "It is not worth the risk, trouble, or expense," writes a leading Trade Union official, "of resorting to the practice. . . . Every wage-earner is able to read and write, and discern the difference between right and wrong; and with the assistance of the public press a full knowledge can be gained as to the reasons why a strike takes place. Hence no one is required to hang about a workshop where a strike is going on for the supposed purpose of giving information to persons who may desire to apply for work on the employer's conditions."<sup>1</sup> Picketing, in fact, is a mark not of Trade Unionism, but of its imperfection. With such completely organised trades as the Cotton Operatives and the Boilermakers, and, in many districts, the Coalminers, compulsory Trade Unionism leaves practically no competent workman outside the combination. The weak-kneed member is kept loyal to his union by a far more effective sanction than having to run the gauntlet of the pickets. In this, as in other respects, the very completeness of the compulsion renders its forms both strictly lawful and absolutely impalpable.

There remains the elastic and indeterminable law of criminal conspiracy, the limits of which, never yet defined with any precision, seem at the present moment (October 1897) more than usually uncertain. A combination in itself lawful, but contemplating any act in itself criminal, whether as an end or as a means, is certainly a criminal conspiracy, even if its main object or general purpose be lawful and laudable. On the other hand, the mere act of combination, for a purpose not forbidden by law, not contemplating any criminal act, and not violating any actionable private right, is, however objectionable it may be to other people, certainly not criminal in the United Kingdom, though such a combination would be criminal, if formed without express authority, in many foreign countries. The case in doubt is that in which a combination for lawful purposes, contemplating and using only lawful means, violates some actionable private right. Such a combination, besides giving ground for a civil action, might, in the opinion of some authorities, be indictable as a criminal conspiracy, if the private right is one in which the public has a sufficient interest.<sup>2</sup> So long as this view is

<sup>1</sup> *Cotton Factory Times*, 8th October 1896.

<sup>2</sup> Sir W. Exle, *The Law relating to Trade Unions* (London, 1869), p. 32; R. S. Wright, *The Law of Criminal Conspiracies and Agreements* (London, 1873); and the incidental observations of the law lords in the case of the Mogul Steamship Company *v.* M'Gregor, Gow, & Co., Appeal Cases, 1892; see also House of Commons Return, No. 217 of 1897, "the Judges' Opinions."

not definitely negated, there will always be danger, especially in periods of reaction, of the law of criminal conspiracy being invoked and enforced against any association which is unpopular, or against which the judges or the governing classes are prejudiced. Trade Unionists have, until lately, thought themselves specially protected against any such application of the criminal law by sec. 3 of the Act of 1875, which enacts that "an agreement or combination by two or more persons to do or procure to be done any act in contemplation or furtherance of a trade dispute between employers and workman shall not be indictable as a conspiracy, if such act committed by one person would not be punishable as a crime." This seems clear enough, but the judges have lately been exhibiting a disposition to narrow the scope of the section in such a way as to bring many ordinary incidents of a strike once more within danger of the criminal law. In connection with the civil actions of *Temperton v. Russell*, 1893, 1 Q.B. 715; *J. Lyons & Son v. Wilkins*, 1896, 1 Ch. 811; and *Flood v. Jackson*, various judges expressed the opinion that unless the acts complained of were done in contemplation or in furtherance, not of a trade dispute at large, but of one between the particular parties bringing pressure to bear on the one hand, and the parties on whom pressure was borne on the other, they might be indictable as a criminal conspiracy. There is still so much ignorance of, and prejudice against even the ordinary Trade Union action in industrial disputes that any such whittling away of the Trade Union charter of 1875, if upheld by the judges, may possibly mean that the workmen will need to fight the whole battle for freedom over again.

Failing the criminal law, the employers have lately turned to a new weapon against the workmen's combinations. Though a Trade Union cannot itself be proceeded against,<sup>1</sup> its officers are, of course, like every one else, personally liable to be sued for damages if they commit an actionable wrong against any individual. Here we must discriminate between the breaking of a contract, and the mere refusal to enter into one. If a workman breaks his contract of service (as, for instance, by leaving his work without giving the notice agreed upon) he can be sued by the employer, and made to pay damages. This remedy is frequently used by coalowners against miners who have gone impetuously on strike. Trade Union executives are always warning their members against such breaches of contract; and

<sup>1</sup> So strong is still the legal feeling against Trade Unionism that, in 1896, a judge of the High Court was capable, in flat defiance of the Trade Union Act of 1871, of making a Trade Union a party to a suit, and attaching its corporate funds for damages. It cost the workmen a large sum in costs to get this injustice overruled by the Court of Appeal (*Warnham v. Stone*).



there is no real grievance in the fact that a Trade Union official, who urges workmen to break their contracts, renders himself personally liable to be sued by the employer for the damage that results from his advice to the men to violate agreements that they have entered into.

The bias of the judges against Trade Unionism is, however, still so strong that they have recently forged a new weapon for the employers' use. It may be admitted, as both law and justice, that a Trade Union official should be held personally liable for damages, if he persuades men to do, to the detriment of a third party, an unlawful act. It is an entirely different thing when he merely persuades them to do what is admittedly within their rights, even though the exercise of these rights should cause damage to a third party. In the case of *Temperton v. Russell*,<sup>1</sup> the officers of the unions of various building trades, and of a joint committee of such trades, in the town of Hull, were held liable in damages to an employer, merely for having persuaded workmen not to renew their engagements, this being admittedly within the workmen's rights, and coercion or intimidation of the workmen not being alleged. According to this decision a combination of workmen to leave a particular firm, at the expiration of their contracts, and after due notice, may render the members of that combination liable to be individually and personally sued for damages. The judges have even gone a step farther. In *Flood v. Allen*, the District Delegate of the Boilermakers had informed an employer with perfect politeness and courtesy, that the members of his union would not renew their engagement with him, if he continued to employ two Shipwrights on certain iron work. The employer thereupon preferred to exercise his legal right to dispense, after due notice, with the services of these two workmen, who then brought an action for damages against the District Delegate and members of the Executive Committee of the Boilermakers' Trade Union. The Court of Appeal held that no conspiracy to procure their discharge had been proved. But the Court decided that it was an actionable wrong for even a single person "maliciously" to procure the discharge of workmen to their detriment, and the Boilermakers' District Delegate was accordingly cast in damages.

Both these cases turned upon the question of motive. If a trader, for his own profit, induces a customer without breach of contract to dispense with the services of his rivals, and transfer the custom to himself, the rivals have clearly no remedy at law. In the

<sup>1</sup> 1 Q.B. 1893, 715.

case of the Mogul Steamship Company *v.* M'Gregor, Gow, & Co.<sup>1</sup> it was decided that even a combination of traders, seeking, for their own profit, to exclude a particular rival from trade, and thus ruin him, was not actionable. In the case of *Temperton v. Russell* the same argument was incidentally upheld. "This is a perfectly free country," said Mr. Justice Chitty, "and people have a right to trade and to carry on competition to the very utmost limit. People may advance their own trade by every possible effort. They may hold out such inducements to trade with them that people will withdraw their custom from others and give it to them, and they may combine to do that; and if the purpose of the combination is in (the opinion of the jury) primarily to subserve their own trade, if as an incident of that they hurt other people, they have done no wrong for which an action can be maintained." To any one acquainted with the objects and methods of Trade Unionists, it would be clear enough that their refusal to work with particular employers or particular workmen was "primarily to subserve their own trade," and according to the present law of England, no more an actionable wrong than the concerted attempt of a capitalist ring to oust rivals from business, or bring them to terms. But by a series of wire-drawn distinctions, the judges succeeded in putting Trade Unionism outside the pale. The Trade Union officials who were sued were admittedly not acting with a view to their own personal gain, and hence, in the eye of the law, their action, though absolutely impersonal, was technically "malicious." This absence of the only motive that the law would recognise as a justification would not have mattered, had the judges been willing to see that (the Trade Union officials being also members of their society) they acted as members of a combination having a clear joint interest at stake. If the combination in question had (even if legally incorporated) been one of traders aiming at increasing their profits, the agents would not have been liable for the damage that they, in pursuit of the advantage of the combination, and within the scope of its own legal rights, incidentally did to a third party. But because the combination was a Trade Union, not aiming at commercial profit, the judges refused to recognise that its members had any adequate lawful motive for jointly exercising their admitted rights, by their duly appointed agent, to the incidental detriment of other persons.<sup>2</sup> The judges, in

<sup>1</sup> *Law Reports*, 23 Q.B.D. 598; A.C. 1892, 38.

<sup>2</sup> A corresponding distinction seems to have been made in the United States with regard to "sympathetic strikes" or combinations to boycott. A strike for the strikers' own benefit is legal, because they have what the law regards as a legitimate motive, namely, that of bettering their own condition. But in a sympathetic strike or boycott "there can be no possible intention of benefiting

fact, though conceding that the workmen were not acting from spite or malice in the ordinary sense and that their motives might be "laudable, meritorious, and philanthropic," for the ultimate benefit of their own class, and even of mankind, failed to perceive that their intention of increasing their own wages, and of reducing the burden cast upon them by their own unemployed members by getting these employed instead of the Shipwrights, constituted as real, immediate, and direct a pecuniary interest as the trader's hope of profit.<sup>1</sup>

Unless these decisions are overruled, Trade Unionists will have to fight over again the battle for the right of combination which was believed to have been won in 1875. Collective Bargaining will become impossible if, whenever Trade Unionists are warned not to accept employment from a particular firm for any reason whatsoever, the Trade Union officials can be harassed by writs, cast in damages, and driven into bankruptcy. Unfortunately, the present generation of Trade Unionists, not excluding the responsible officials, are not alive to the gravity of the legal situation. They will presently find, if we are not mistaken, that the argument of the Court of Appeal can be applied much farther than has yet appeared. The most peaceful picketing may become unlawful and can be stopped by injunction, if the employer merely issues a writ claiming damages against a Trade Union official for withdrawing the workmen. In one case<sup>2</sup> already an aggrieved employer has actually induced the Courts to issue an injunction against picketing as such, as if this were any more illegal than abstaining from purchasing. But this is not all. There is always the possibility of the vague and elastic law of libel being brought to bear on Collective Bargaining. If the judges hold that the ordinary objects of Trade Unionism do not amount to such a motive for the exercise of actual personal rights, as will take that exercise out of the character of "legal malice," the mere announcement to the members of a Union, in its official circular, that a particular firm is a "closed house," where Trade Unionists are advised not to work, may lead to an action for damages by the firm in question (see Trollope's case, 72 L.T. 342); and any expression in which a jury chooses to find an innuendo may lead to an adverse verdict.

the conspirators but at best a desire to help their fellow-workmen; and the law does not yet recognise altruism to this extent!"—*Labor in its Relations to Law*, by F. J. Stimson, p. 92 (New York, 1895), and the *Handbook to the Labor Law of the United States* (New York, 1896), by the same author.

<sup>1</sup> "The principle of acknowledging every man's right to trade freely has been applied by the Courts in a sense which has accorded to combined capitalists a privilege not granted to the Trade Union."—The Hon. A. Lyttelton, "The Law of Trade Combinations," in *A Policy of Free Exchange*, p. 291.

<sup>2</sup> *J. Lyons & Son v. Wilkins*, 1896, 1 Ch. 811.

The decisions to which we have referred, though they amount at present to an authoritative statement of the law, have excited animadversion among lawyers ; and some jurists of eminence, such as Sir Frederick Pollock, have expressed doubts whether they will be upheld by the House of Lords. The law lords themselves are known to be sharply divided on the question, and their judgment is still withheld owing to this difference of opinion. The philosophy of the question appears to us to be simple. If the community thinks it desirable to let the conditions of labor be settled by bargaining, each party must be left to be the judge of what is for its own interest, and to seek that interest by combination, even to the detriment of others. It is a mockery of justice, on the one hand, to accord to workmen, in order that they may exact better terms from their employers, the abstract right of combining to refuse to work ; and, on the other hand, to cast them in damages when they lawfully and peacefully exercise that right to the detriment of the other party to the bargain, or even third persons. Trade Unionists, it is clear, must be accorded, in the domain of civil procedure, what has long since been conceded to them in criminal law. If a workman is allowed the option, to the detriment of his employer, of refusing to continue in his service unless certain conditions are granted ; if, moreover, this option extends to freedom to refuse to work with unpopular associates, it is impossible, now that the right of combination has been unreservedly conceded by Parliament, to prevent the same option being collectively exercised by the combination of workmen acting through their duly appointed agents. The fact that this use of the right of combination causes pecuniary damage to the employer, or to other persons, whether customers, employers, or workmen, is no more argument against it than the corresponding fact that a gigantic modern enterprise seriously reduces the profits of the middleman, ruins its smaller rivals, and finally raises the price to the consumer. It may well be that combinations of workmen, or combinations of capitalists, lawfully and peacefully pursuing what they conceive to be their own corporate or class interest, will insist on terms in their bargains which are detrimental, not only to other parties, but also to the common weal. In that case the remedy is not to shackle one of the contracting parties by civil liabilities to individuals who may feel aggrieved by the exercise of the right, but to protect the community from such consequences of legal freedom of contract by definitely prescribing, by Factory Act or otherwise, any conditions of employment or trade that are deemed necessary in the public interest.



## APPENDIX II<sup>1</sup>

### THE BEARING OF INDUSTRIAL PARASITISM AND THE POLICY OF A NATIONAL MINIMUM ON THE FREE TRADE CONTROVERSY

THE existence of parasitic trades supplies the critic of international Free Trade with an argument which has not yet been adequately met. To the enlightened patriot, ambitious for the utmost possible development of his country, it has always seemed a drawback to Free Trade, that it tended, to a greater or lesser extent, to limit his fellow-countrymen's choice of occupation. Thus, one community, possessing great mineral wealth, might presently find a large proportion of its population driven underground; another might see itself doomed to become the mere stock-yard and slaughter-house of the world; whilst the destiny of a third might be to have its countryside depopulated, and the bulk of its citizens engaged in the manufacture, in the slum tenements of great cities, of cheap boots and ready-made clothing for the whole habitable globe. To this contention the answer has usually been that the specialisation of national function, whilst never likely to be carried to an extreme, was economically advantageous all round. Such a reply ignores the possibility of industrial parasitism. If unfettered freedom of trade ensured that each nation would retain the industry in which its efficiency was highest, and its potentialities were greatest, this international "division of labor" might be accepted as the price to be paid for getting every commodity with the minimum of labor. But under unfettered freedom of competition there is, as we have seen, no such guarantee. Within a trade, one district may drive all the rest out of the business, not by reason of any genuine advantage in productive efficiency, but merely because the workers in the successful district get some aid from the rates or from other sources. Within a community, too, unless care be

<sup>1</sup> See Part III. chap. iii. "The Economic Characteristics of Trade Unionism."

taken to prevent any kind of parasitism, one trade or one process may flourish and expand at the expense of all the rest, not because it is favored by natural advantages or acquired capacity, but merely by reason of some sort of "bounty." Under Free Trade the international pressure for cheapness is always tending to select, as the speciality of each nation in the world-market, those of its industries in which the employers can produce most cheaply. If each trade were self-supporting, the increased efficiency of the regulated trades would bring these easily to the top, notwithstanding (or rather, in consequence of) the relatively high wages, short hours, and good sanitary conditions enjoyed by their operatives. If, however, the employers in some trades can obtain labor partially subsisted from other sources, or if they are free to use up in their service not only the daily renewed energy, but also the capital value of successive relays of deteriorating workers, they may well be able to export more cheaply than the self-supporting trades, to the detriment of these, and of the community itself. And this, as we have seen, is the direct result of the very freedom of Individual Bargaining on which the Free Traders rely. Indeed, if we follow out to its logical conclusion the panacea of unlimited freedom of competitive industry both within the country and without, we arrive at a state of things in which, out of all the various trades that each community pursues, those might be "selected" for indefinite expansion, and for the supply of the world-market, in which the employers enjoyed the advantage of the greatest bounty; those, for instance, which were carried on by operatives assisted from other classes, or, still worse, those supplied with successive relays of necessitous wage-earners standing at such a disadvantage in the sale of their labor that they obtained in return wages so low and conditions so bad as to be positively insufficient to maintain them permanently in health and efficiency. Instead of a world in which each community devoted itself to what it could do best, we should get, with the "sweated trades," a world in which each community did that which reduced its people to the lowest degradation. Hence the Protectionist is right when he asserts that, assuming unfettered individual competition within each community, international free trade may easily tend, not to a good, but to an exceedingly vicious international division of labor.

This criticism is not dealt with, so far as we are aware, in any of the publications of the Cobden Club, nor by the economic defenders of the Free Trade position. Thus, Professor Bastable, in his lucid exposition of *The Theory of International Trade* (2nd edition, London, 1897), assumes throughout that the prices of commodities

in the home market, and thus their relative export, will vary according to the actual "cost of production," instead of merely according to their "expenses of production," to the capitalist entrepreneur. Yet it is evidently not the sum of human efforts and sacrifices involved in the production that affects the import or export trade, but simply the expenses that production involves to the capitalist. This absence of any reference to the possibility of the cheapness being due to underpaid (because subsidised or deteriorating) labor, enables Professor Bastable optimistically to infer (p. 18) that "the rule is" that each nation exports those commodities for the production of which it is specially suited." Similarly Lord Farrer, in *The State in its Relation to Trade* (London, 1883), when stating the argument against Protection, simply assumes (p. 134) that the industry for which the country is specially suited pays higher wages than others. "One thing is certain, viz. that we cannot buy the French or Swiss ribbons without making and selling something which we can make better and cheaper than ribbons, and which *consequently* brings more profit to our manufacturer, and *better wages* to our workmen." And Mr. B. R. Wise, seeking in his *Industrial Freedom* to revise and restate the Free Trade argument in the light of practical experience, is driven to warn his readers that "it cannot be too often repeated that the competition of abstract political economy—that competition through which alone political economy has any pretension to the character of a science—is a competition between equal units," . . . and nothing could be further from the truth than to suppose that "free competition" in the labor market bore any resemblance to the competition between equal units that the current expositions of Free Trade theory required.<sup>1</sup>

But though the existence of parasitic trades knocks the bottom out of the argument for *laissez faire*, it adds no weight to the case for a protective tariff. What the protectionist is concerned about is the contraction of some of his country's industries; the evil revealed by our analysis is the expansion of certain others. The advocate of a protective tariff aims at excluding imports; the opponent of "sweating," on the other hand, sees with regret the rapid growth of particular exports, which imply the extension within the country of its most highly subsidised or most parasitic industries. Hence, whatever ingenious arguments may be found in favor of a protective tariff,<sup>2</sup> such a remedy fails altogether to cope with this

<sup>1</sup> B. R. Wise, *Industrial Freedom* (London, 1882), pp. 13, 15.

<sup>2</sup> For any adequate presentation of the case against international free trade, the student must turn to Germany or the United States, notably to Friedrich List, *The National System of Political Economy*, published in Germany in 1841, and

particular evil. If the expansion of the industries which England pursues to the greatest economic advantage—say, for instance, coal mining and shipbuilding, textile manufacture and machine-making—is being checked, this is not because coal and ships, textiles and machinery are being imported into England from abroad, but because other less advantageous industries within England itself, by reason of being favored with some kind of bounty, have secured the use of some of the nation's brains and capital, and some of its export trade. This diversion would clearly not be counteracted by putting an import duty on the small and exceptional amounts of coal and shipping, textiles and machinery that we actually import, for this would leave unchecked the expansion of the subsidised trades, which, if the subsidy were only large enough, might go on absorbing more and more of the nation's brains and capital, and more and more of its export trade. To put it concretely, England might find its manufactures and its exports composed, in increasing proportions, of slop clothing, cheap furniture and knives, and the whole range of products of the sweated trades, to the detriment of its present staple industries of cotton and coal, ships and machinery. In the same way, every other country might find its own manufactures and its own exports increasingly made up of the products of its own parasitic trades. In short, the absolute exclusion by each country of the imports competing with its own products would not, any more than Free Trade itself, prevent the expansion within the country of those industries which afforded to its wage-earners the worst conditions of employment.<sup>1</sup>

A dim inkling of this result of international competition is at the back of recent proposals for the international application of the Device of the Common Rule. During the past seven years statesmen have begun to feel their way towards an international uniformity of factory legislation, so as to make all cotton mills, for instance, work identical hours, and workmen are aspiring to an international

translated by Sampson Lloyd (London, 1885) and the works of H. C. Carey. The arguments of List and Carey were popularised in America by such writers as Professor R. E. Thompson, *Political Economy with Especial Reference to the Industrial History of Nations* (Philadelphia, 1882), H. M. Hoyt, *Protection and Free Trade the Scientific Validity and Economic Operation of Defensive Duties in the United States*, 3rd edition (New York, 1886); whilst another line has been taken by Francis Bowen, *American Political Economy*. The whole position has been restated by Professor Patten, in *The Economic Basis of Protection* (Philadelphia, 1890), and other suggestive works which deserve more attention in England.

<sup>1</sup> It is unnecessary to notice the despairing suggestion that a protective duty should be placed on the products of the sweated trades themselves. But these,



Trade Unionism, by means of which, for example, the coalminers, cotton-operatives, glass-workers, or dock-laborers of the world might simultaneously move for better conditions. If, indeed, we could arrive at an International Minimum of education and sanitation, leisure and wages, below which no country would permit any section of its manual workers to be employed *in any trade whatsoever*, industrial parasitism would be a thing of the past. But internationalism of this sort—a “zollverein based on a universal Factory Act and Fair Wages clause”—is obviously Utopian. What is not so generally understood, either by statesmen or by Trade Unionists, is that international uniformity of conditions *within a particular trade*, which is all that is ever contemplated, would do little or nothing to remedy the evil of industrial parasitism. In this matter, as in others, a man's worst foes are those of his own household. Let us imagine, for instance, that, by an international factory act, all the cotton mills in the world were placed upon a uniform basis of hours and child-labor, sanitation and precautions against accidents. Let us carry the uniformity even a stage further, and imagine what is impossible, an international uniformity of wage in all cotton mills. All this would in no way prevent a diversion of the nation's brains and capital away from cotton manufacture to some other industry, in which, *by reason of a subsidy or bounty*, the employer stood at a greater relative advantage towards the home or foreign consumer. The country having the greatest natural advantages and technical capacity for cotton manufacture would doubtless satisfy the great bulk of the world's demand for cotton goods. But, if there existed within that same country any trades carried on by parasitic labor, or assisted by any kind of bounty, it would obtain less of the cotton trade of the world than would otherwise be the case; the marginal business in cotton would tend to be abandoned to the next most efficient country, in order that some brains and capital might, to the economic loss of the nation and of the world, take advantage of the subsidy or bounty.<sup>1</sup> We see,

as we have seen (if they are really parasitic industries like the wholesale clothing manufacture, and not merely self-supporting but unprogressive industries like English agriculture), will usually be exporting trades, not subject to the competition of foreign imports. Merely to put an import duty on the odds and ends of foreign-made clothing or cheap knives that England imports would in no way strengthen the strategic position, as against the employer, of the sweated outworkers of East London or Sheffield, or render the respectable young women of Leeds less eager to be taken on at a pocket-money wage in the well-appointed clothing factories of that city.

<sup>1</sup> This hypothetical case is, we believe, not unlike the actual condition of the cotton manufacture in the United Kingdom at the present time, in spite of the absence of international uniformity.

therefore, that even an international uniformity of conditions within a particular trade would not, in face of industrial parasitism at home, prevent the most advantageously situated country from losing a portion of this uniformly regulated trade. The parasitic trades have, in fact, upon the international distribution of industry, an effect strictly analogous to that which they have upon the home trade. By ceding as a bribe to the consumer the bounty or subsidy which they receive, they cause the capital, brains, and labor of the world to be distributed, in the aggregate, in a less productive way than would otherwise have been the case.

We can now see that the economists of the middle of the century only taught, and the Free Trade statesmen only learnt, one-half of their lesson. They were so much taken up with the idea of removing the fiscal barriers between nations that they failed to follow up the other part of their own conception, the desirability of getting rid of bounties of every kind. M'Culloch and Nassau Senior, Cobden and Bright, realised clearly enough that the grant of money aid to a particular industry out of the rates or taxes enabled that industry to secure more of the nation's brains and capital, and more of the world's trade, than was economically advantageous. They even understood that the use of unpaid slave labor constituted just such a bounty as a rate in aid of wages. But they never clearly recognised that the employment of children, the overwork of women, or the payment of wages insufficient for the maintenance of the operative in full industrial efficiency stood, economically, on the same footing. If the object of "Free Trade" is to promote such a distribution of capital, brains, and labor among countries and among industries, as will result in the greatest possible production, with the least expenditure of human efforts and sacrifices, the factory legislation of Robert Owen and Lord Shaftesbury formed as indispensable a part of the Free Trade movement as the tariff reforms of Cobden and Bright. "During that period," wrote the Duke of Argyll of the nineteenth century,<sup>1</sup> "two great discoveries have been made in the Science of Government: the one is the immense advantage of abolishing restrictions upon Trade; the other is the absolute necessity of imposing restrictions on labor. . . . And so the Factory Acts, instead of being excused as exceptional, and pleaded for as justified only under extraordinary conditions, ought to be recognised as in truth the first legislative recognition of a great Natural Law, quite as important as Freedom of Trade, and which, like this last, was yet destined to claim for itself wider and wider application."

<sup>1</sup> *The Reign of Law* (London, 1867), pp. 367, 399.

Seen in this light, the proposal for the systematic enforcement, throughout each country, of its own National Minimum of education, sanitation, leisure, and wages, becomes a necessary completion of the Free Trade policy. Only by enforcing such a minimum on all its industries can a nation prevent the evil expansion of its parasitic trades being enormously aggravated by its international trade. And there is no advantage in this National Minimum being identical or uniform throughout the world. Paradoxical as it may seem to the practical man, a country enforcing a relatively high National Minimum would not lose its export trade to other countries having lower conditions, any more, indeed, than a country in which a high Standard of Life spontaneously exists, loses its trade to others in which the standard is lower. If the relatively high National Minimum caused a proportionate increase in the productive efficiency of the community, it would obviously positively strengthen its command of the world market. But even if the level of the National Minimum were, by democratic pressure, forced up farther or more rapidly than was compensated for by an equivalent increase in national efficiency, so that the expenses of production to the capitalist employer became actually higher than those in other countries, this would not stop (or even restrict the total of) our exports. "General low wages," emphatically declare the economists, "never caused any country to undersell its rivals, nor did general high wages ever hinder it from doing so."<sup>1</sup> So long as we continued to desire foreign products, and therefore to import them in undiminished quantity, enough exports would continue to be sent abroad to discharge our international indebtedness. We should, it is true, not get our tea and foodstuffs, or whatever else we imported, so cheaply as we now do; the consumer of foreign goods would find, indeed, that these had risen in price, just as English goods had. If we ignore the intervention of currency, and imagine foreign trade to be actually conducted, as it is virtually, by a system of barter, we shall understand both this rise of price of foreign goods, and the continued export of English goods, even when they are all dearer than the corresponding foreign products. For the English importing firms, having somehow to discharge their international indebtedness, and finding no English products which they can export at a profit, will be driven to export some even at a loss—a loss which, like the item of freight or any other expense of carrying on their business, they will add to the price charged to the consumer of foreign imports. They will, of course, select for export

<sup>1</sup> J. S. Mill, *Principles of Political Economy*, Book III. chap. xxv. § 4, p. 414 of 1865 edition.

those English products on which the loss is least—that is to say, those in which England stands at relatively the greatest advantage, or, what comes to the same thing, the least disadvantage. Therefore, if the rise in the expense of English production were uniform, not only the total, but also the distribution of our exports would remain unaffected. The foreign consumer, by reason of the cheapness of production of his own goods, will then be getting English-made goods at a lower price than would otherwise be the case—it may be, even a lower price than the Englishman is buying them at in his own country—just as the Englishman at the present time buys American products in London at the comparatively low level of English prices, and sometimes actually cheaper than they are sold at in New York. For this process of exporting at an apparent loss, as a set-off against a profitable import trade, actually takes place, now in one country, now in another.<sup>1</sup> It sometimes happens that the same firm of merchants both exports and imports: more usually, however, the compensatory process is performed through the banking houses, and manifests itself in those fluctuations of the foreign exchanges, which, though clear enough to the eye of the practical financier and the economist, shroud all the processes of international exchange from the ordinary man by a dense veil of paradox.

The practical check to a rise in the National Minimum comes, indeed, not from the side of international trade, but, as we have already explained, from the home taxpayer and the home consumer. Every rise in the National Minimum not compensated for by some corresponding increase in the efficiency with which the national industry was carried on would imply an increase in the number of the unemployable, and thus in the Poor Rate or other provision for their maintenance; and every increase in the expenses of production would be resented as a rise in price by the bulk of the population. The lowlier grades of labor, employing a majority of the citizens, would clearly benefit by the improvement which the rise would cause in their own conditions. Other grades of producers, including the brain-working directors of industry, would find their own “rent” of specialised or otherwise exceptional faculty undiminished, even if they had to pay away more of it in taxes and higher prices. The great and growing army of officials on fixed incomes would loudly complain of the increased cost of living, which would presently be met by a rise in salaries. But the real

<sup>1</sup> When, for instance, the export of gold is prohibited, or when all the gold has already been sent away; or when, for any reason, less expensive ways of discharging a balance of indebtedness do not exist.—See Goschen's *Theory of the Foreign Exchanges*, or Clare's *A.B.C. of the Foreign Exchanges*.



sufferers would be the *rentier* class, existing unproductively on their investments. These persons would be hit both ways: they would find themselves, by increased taxation, saddled with most of the cost of the unemployable, and by higher prices, charged with at least their share of the increase in the nation's wage-bill. Such a practical diminution in the net income of the dividend-receiving classes would, from Ricardo down to Cairnes, have been supposed to correct itself by a falling off in their rate of saving, and therefore, as it was supposed, in the rate of accumulation of additional capital. This, as we have seen, can no longer be predicted, even if we cannot yet bring ourselves to believe, with Sir Josiah Child and Adam Smith, that the shrinking of incomes from investments would actually quicken production and stimulate increased accumulation. What it might conceivably do would be to drive the *rentier* class to live increasingly abroad, with indirect consequences which have to be considered.

We have hitherto left on one side the possible migration of capital from a country, in which the National Minimum had been unduly raised, to others in which labor could be hired more cheaply. This is hindered, to an extent which we do not think is sufficiently appreciated, by the superior amenity of English life to the able business man. So long as our captains of industry prefer to live in England, go abroad with reluctance even for high salaries, and return to their own country as soon as they possibly can, it will pay the owners of capital to employ it where this high business talent is found. The danger of English industrial supremacy would seem to us, therefore, to lie in any diminution of the attractiveness of life in England to the able brain-working Englishman. An increase in the taxation of this class, or a rise in the price of the commodities they consume, is not of great moment, provided that facilities exist for them to make adequate incomes; and these rewards of exceptional talent are, it will be remembered, in no way diminished by the Device of the Common Rule. But any loss of public consideration, or any migration of their *rentier* friends or relations, might conceivably weaken their tie to England, and might, therefore, need to be counteracted by some increase in their amenities or rewards.<sup>1</sup> Our own opinion is that this increased amenity, and also this increased reward of exceptional ability, would actually be the result of a high National Minimum. It is difficult for the Englishman of to-day to form any

<sup>1</sup> It would be interesting to inquire how far the fatal "absenteeism" of Ireland's men of genius has been caused or increased by the reduction of Dublin from the position of a wealthy and intellectual capital to that of a second-rate provincial town.

adequate idea of how much pleasanter English life would be if we were, once for all, rid of the slum and sweating den, and no class of workers found itself condemned to grinding poverty; if science had so transformed our unhealthy trades that no section of the population suffered unnecessarily from accident or disease; and if every grade of citizens was rapidly rising in health, intelligence, and character.

It follows that each community is economically free, without fear of losing its foreign trade, to fix its own National Minimum, according to its own ideas of what is desirable, its own stage of industrial development, and its own customs of life. The course and extent of international trade—if we imagine all fiscal barriers to be removed, and all bounties to be prevented—is, in fact, determined exclusively by the desires of the world of consumers, and the actual faculties and opportunities of the producers in the different countries; not by the proportion in which each nation chooses to share its National Dividend between producers and property-owners. Each community may, therefore, work out its own salvation in the way it thinks best. The nation eager for progress, constantly raising its National Minimum, will increase in productive efficiency, and steadily rise in health and wealth. But it will not thereby interfere with the course chosen by others. The country which honors Individual Bargaining may reject all regulation whatsoever, and let trade after trade become parasitic; but it will not, by its settling down into degradation, gain any aggregate increase in international trade, or really undermine its rivals.<sup>1</sup> Finally, the nation which prefers to be unprogressive, but which yet keeps all its industries self-supporting, may, if circumstances permit its stagnation, retain its customary organisation, and yet continue to enjoy the same share in international commerce that it formerly possessed.

<sup>1</sup> Let us suppose, for instance, that the capitalists in the United States so far strengthen their position as to put down all combinations of the wage-earners, annul all attempts at factory legislation, and, in fact, prohibit every restriction on Individual Bargaining as a violation of the Constitution. The result would doubtless be a proletarian revolution. But assuming this not to occur, or to be suppressed, and the rule of the Trusts to be unchecked, we should expect to see the conditions of employment in each trade fall to subsistence level, and with the advance of population, stimulated by this hopeless poverty, even below the standard necessary for continued efficiency. The entire continent of America might thus become parasitic, and successive generations of capitalists, served by a hierarchy of brain-working agents, might use up for their profit successive generations of degenerate manual toilers, until these were reduced to the level of civilisation of the French peasants described by La Bruyère. But the total international trade of America would not be thereby increased; on the contrary, it would certainly be diminished as the faculties of the nation declined.

## APPENDIX III<sup>1</sup>

SOME STATISTICS BEARING ON THE RELATIVE MOVEMENTS OF THE MARRIAGE AND BIRTH-RATES, PAUPERISM, WAGES, AND THE PRICE OF WHEAT.

IN connection with the relation of the number of births to the number of marriages, and the connection of one or both of these with the price of wheat, the amount of pauperism, or the rate of wages, the following diagram and table may be of interest.

We have placed side by side the number of persons, per thousand of the population in England and Wales, who were married or born in each year from 1846 to 1895 inclusive; the number simultaneously in receipt of Poor Law relief on one day in each of the years 1849 to 1895 inclusive; and the average recorded price of wheat per imperial quarter for each year from 1846 to 1896. These are the ordinary statistics of the Registrar-General's Reports. To them we have added the weekly wages from 1846 to 1896 actually paid to the engineman at a small colliery in the Lothians, taken from the colliery books. Where the rate was altered during any year, the average of the fifty-two weekly rates of that year has been calculated. We have also added columns showing the Trade Union Standard Rate for Stonemasons in Glasgow from 1851 to 1896, averaged in the same manner, and that for Compositors in London from 1846 to 1896, the latter (the "Stab" or time wages) changing so rarely that it has been taken as constant for each year. And in order to give some rough idea of the amount of real wages, to which these money wages have been equivalent, we have in each case reckoned out the "wages in wheat," the amount of wheat that the Lothians Engineman, the Glasgow Stonemason, and the London Compositor could have purchased each year with a full week's wages. This does not, of course, express the "real wages" with any precision,

<sup>1</sup> See Part III. chap. i. "The Verdict of the Economists."

for whilst the price of wheat has moved predominantly in one direction, the amount paid by the workmen for meat and house-rent has certainly moved considerably in the other. It must be remembered, too, that no allowance has been made for "lost time," periods of unemployment, and other deductions. The wages of the Engineman are practically continuous throughout the year. The Stonemason, on the other hand, is necessarily idle in the months of frost, and probably loses more, even in the summer, by deductions of one kind and another, than he gains by "overtime." The London Compositor may be either employed with great constancy, or be intermittently out of work. It does not seem possible to ascertain whether these irregularities are greater or less than in past times. Nor can it be assumed with certainty that the wages at different periods represent a payment for the same labor. The work of the Stonemason and the Compositor is, perhaps, not essentially different to-day from that of the corresponding classes fifty years ago; the higher standard of speed and intensity now required being set off against the reduction of the weekly hours. On the other hand, the development of steam engines, and the increased speed and complexity of their working, have transformed the Engineman into a skilled and responsible mechanic, who is now claiming to be a certificated professional.

The diagram and table of figures have been prepared by Mr. F. W. Galton:—









Year.	Persons married per 1000 of population living in England and Wales.	Persons born per 1000 of population living in England and Wales.	Average number to 1000 persons living, in receipt of Poor Law Relief in England and Wales.	Average recorded price of wheat per quarter in England and Wales.	Average weekly wages of an Engine-man in a colliery in the Lothians.	Quarters of wheat purchasable with the Engine-man's wages per week.	Average Standard Rate of wages per week of Stonemasons in Glasgow.	Quarters of wheat purchasable by the wages of a Stonemason per week.	Standard Rate of wages of Compositors London per week.	Quarters of wheat purchasable with wages of Compositor London per week.	Year.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
1846	17.2	33.8	54 8	14 4	0.26	...	33 0	...	33 0	0.60	1846
1847	15.8	31.5	69 9	16 0	0.23	...	33 0	...	33 0	0.47	1847
1848	15.9	32.4	50 6	15 0	0.30	...	33 0	...	33 0	0.65	1848
1849	16.2	32.9	44 3	15 0	0.34	...	33 0	...	33 0	0.75	1849
1850	17.2	33.4	40 3	15 0	0.37	...	33 0	...	33 0	0.82	1850
1851	17.2	34.2	38 6	14 6	0.38	20 6	33 0	0.53	33 0	0.86	1851
1852	17.4	34.2	40 10	14 5	0.35	20 6	33 0	0.50	33 0	0.81	1852
1853	17.9	33.3	53 3	14 3	0.27	25 0	33 0	0.47	33 0	0.62	1853
1854	17.2	34.1	72 5	15 0	0.21	25 0	33 0	0.35	33 0	0.46	1854
1855	16.2	33.7	74 8	15 7	0.21	25 0	33 0	0.33	33 0	0.44	1855
1856	16.7	34.4	69 2	16 8	0.24	30 0	33 0	0.43	33 0	0.48	1856
1857	16.5	34.4	56 4	16 2	0.29	23 9	33 0	0.42	33 0	0.59	1857
1858	16.0	33.7	44 2	15 1	0.34	25 0	33 0	0.57	33 0	0.75	1858
1859	17.0	35.0	43 9	16 3	0.37	25 0	33 0	0.57	33 0	0.75	1859
1860	17.1	34.3	53 3	17 0	0.32	25 0	33 0	0.47	33 0	0.62	1860
1861	16.3	34.6	55 4	17 0	0.31	23 9	33 0	0.43	33 0	0.60	1861
1862	16.1	35.0	55 5	17 2	0.31	23 9	33 0	0.43	33 0	0.60	1862
1863	16.8	35.3	44 9	18 0	0.40	23 9	33 0	0.53	33 0	0.74	1863
1864	17.2	35.4	40 2	18 2	0.45	23 9	33 0	0.59	33 0	0.82	1864
1865	17.5	35.4	41 10	18 0	0.43	28 6	33 0	0.68	33 0	0.79	1865
1866	17.5	35.2	49 11	17 8	0.35	27 7	36 0	0.55	36 0	0.72	1866
1867	16.5	35.4	64 5	19 8	0.31	28 8	36 0	0.45	36 0	0.55	1867



1868	16.1	35.8	43.6	63	9	17	9	0.28	28	8	0.45	36	0	0.56	1868
1869	15.9	34.8	43.4	48	2	19	4	0.40	27	7	0.57	36	0	0.75	1869
1870	16.1	35.2	43.5	46	10	20	0	0.43	27	7	0.59	36	0	0.77	1870
1871	16.7	35.0	41.6	56	8	20	0	0.35	27	7	0.49	36	0	0.64	1871
1872	17.4	35.6	36.9	57	0	23	4	0.41	29	9	0.52	36	0	0.63	1872
1873	17.6	35.4	33.9	58	8	28	11	0.49	31	10	0.54	36	0	0.61	1873
1874	17.0	36.0	31.5	55	8	30	0	0.54	34	0	0.61	36	0	0.65	1874
1875	16.7	35.4	29.7	45	2	29	8	0.66	36	1	0.80	36	0	0.80	1875
1876	16.5	36.3	27.5	46	2	28	2	0.61	40	4	0.87	36	0	0.78	1876
1877	15.7	36.0	27.0	56	9	28	6	0.50	40	4	0.71	36	0	0.63	1877
1878	15.2	35.6	27.3	46	5	31	0	0.67	27	7	0.59	36	0	0.77	1878
1879	14.4	34.7	29.0	43	10	27	5	0.62	25	6	0.58	36	0	0.82	1879
1880	14.9	34.2	28.4	44	4	26	10	0.61	25	6	0.58	36	0	0.81	1880
1881	15.1	33.9	28.2	45	4	26	3	0.58	27	7	0.61	36	0	0.79	1881
1882	15.5	33.8	27.2	45	1	26	3	0.58	29	9	0.66	36	0	0.80	1882
1883	15.5	33.5	26.7	41	7	25	9	0.62	31	10	0.77	36	0	0.86	1883
1884	15.1	33.6	26.0	35	8	25	9	0.72	29	9	0.83	36	0	1.01	1884
1885	14.5	32.9	26.0	32	10	26	2	0.80	29	9	0.91	36	0	1.10	1885
1886	14.2	32.8	26.6	31	0	26	3	0.85	29	9	0.96	36	0	1.16	1886
1887	14.4	31.9	26.2	32	6	26	3	0.81	29	9	0.92	36	0	1.11	1887
1888	14.4	31.2	26.0	31	10	25	4	0.80	29	9	0.93	36	0	1.13	1888
1889	15.0	31.1	25.0	29	9	26	11	0.90	30	10	1.04	36	0	1.21	1889
1890	15.5	30.2	23.8	31	11	31	10	1.00	31	10	1.00	36	0	1.13	1890
1891	15.6	31.4	22.8	37	0	33	2	0.90	32	11	0.89	38	0	1.03	1891
1892	15.4	30.5	22.7	30	3	33	3	1.10	35	1	1.16	38	0	1.26	1892
1893	14.7	30.8	23.2	26	4	32	10	1.25	36	1	1.37	38	0	1.44	1893
1894	15.1	29.6	23.4	22	10	33	10	1.48	36	1	1.58	38	0	1.66	1894
1895	15.0	30.4	24.3	23	1	33	3	1.44	37	2	1.61	38	0	1.65	1895
1896	...	...	...	26	2	33	3	1.27	38	3	1.46	38	0	1.45	1896

## APPENDIX IV

### A SUPPLEMENT TO THE BIBLIOGRAPHY OF TRADE UNIONISM

THE following list of publications bearing on Trade Unionism and combinations of workmen has no special connection with the present work, and must be regarded merely as a supplement to the list, forty-four pages in length, which formed Appendix VI. of the *History of Trade Unionism*. It has been prepared in the same manner as the original list. It accordingly omits all Parliamentary Papers, for which the student should consult the excellent classified catalogues issued by Messrs. P. S. King and Son of Westminster; it omits all local histories and records mentioned in the bibliography appended to vol. i. of *The Guild Merchant* by Dr. Gross; and it makes no attempt to include ordinary economic works on the one hand, or trade histories on the other. As before, we have given the reference number in the British Museum catalogue, whenever we have been able to find a copy of the work in that invaluable storehouse, and we have mentioned other libraries only when no copy could be discovered at the British Museum.

For the present work, even more than for the *History of Trade Unionism*, we have had to go, not to any regularly published books, but to the voluminous internal literature of the Trade Unions themselves, of which hundreds of publications are issued annually. These are still seldom collected or preserved by public libraries, though they afford most valuable material to the student of sociology. The British Library of Political Science (10 Adelphi Terrace, Strand, London; director, Professor W. A. S. Hewins) has now been established for the express purpose of collecting these and other materials for sociological inquiry. Our own considerable collection of manuscript extracts and printed documents relating to Trade Unionism, comparatively few of which are mentioned in the following list, has now been deposited in this library, where it can be consulted by any student.

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